

CITY COUNCIL PROCEEDINGS

BEMIDJI, MINNESOTA

October 20, 2003

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, October 20, 2003, at 7:00 p.m. in the City Hall Council Chambers, Mayor Lehmann presiding.

Upon roll call, the following Council members were declared present: Downs, Erickson, Zachman, Lehmann, Meuers, Hellquist, Johnson. Absent: None.

Mayor Lehmann called for any amendments to the agenda. Clerk Sherman requested addition of the final reading of an ordinance vacating alley for Planning Case #03-22. Erickson addition of a presentation by the high school referendum committee. There being no further additions, Mayor called for approval of the agenda as amended. Motion by Erickson, second by Meuers, to approve the agenda as amended. All voted aye. Motion carried.

APPROVAL OF MINUTES

Minutes of the October 6, 2003 Regular Meeting and October 14, 2003 Joint Meeting on Parkland Dedication were presented. Motion by Downs, second by Hellquist, to approve the minutes as presented. Motion carried by the following vote: Ayes: Lehmann, Meuers, Zachman, Hellquist, Erickson, Johnson, Downs. Nays: None. Absent: None.

CONSENT AGENDA

Mayor Lehmann called for approval of the items on the consent agenda. Motion by Johnson, second by Hellquist, to approve the consent agenda. All voted aye. Motion carried.

- 1) Approved Transient License for TAP Enterprises for a November 14 Tool Sale at the Holiday Inn Express
- 2) Authorized Contract with NW Minnesota Service Co-op to administer flexible spending and VEBA accounts for city employees for 2004
- 3) Approved ten (10) pages of claims submitted by the Finance Officer in the total amount of \$417,622.40
- 4) Approved Lincoln Neighborhood Gap Financing Applications No. 2 and No. 3 filed by Headwaters Housing Development Corporation

BEMIDJI YOUTH ADVISORY COMMISSION

Dana Landgrebe reported that 10 members attended their retreat. They heard presentations by Kami Kelm of the Evergreen House and Carol Johnson from Healthy Community/Healthy Kids, and did some goal setting for 2004. She also reminded the public about the Teen Halloween dance coming up on October 31.

BSU STUDENT SENATE REPORT

Jason Swanson, BSU Student Senate representative, noted that the recent Student Senate election resulted in 13 senators (10 of which are new). Two BSU Student Senate representatives will be attending the MSUSA Conference later this week in the cities. He expressed appreciation for the quick response by the city to replace the lighting on Birchmont Drive between 10th & 13th Streets.

Zachman reminded Mr. Swanson of the on-street parking restrictions, which are implemented every year beginning November 1st, and suggested that something be published in the Northern Student.

PLANNING CASE #2003-23: Filed by Bob & Denise Conner, 4100 Sherman Drive NE, requesting to build a 10 foot x 12 foot second floor deck on the east side (side yard) of their house 102 feet from the river. A 150-foot setback is required, therefore a 48-foot setback variance is requested. Planning Commission recommended the City Council approve a 48-foot setback variance from the river based on the five findings of fact. Motion by Hellquist, second by Zachman, to accept the recommendation of the Planning Commission to approve the

variance. Motion carried by the following vote: Ayes: Hellquist, Meuers, Lehmann, Johnson, Downs, Erickson, Zachman. Nays: None. Absent: None.

PUBLIC HEARING - SMALL CITIES GRANT APPLICATION FOR HIGH SCHOOL REUSE

Pursuant to mailed and published notice, a copy of which was placed on file in the City Clerk's office, a public hearing was held to consider submission of an application to the Minnesota Department of Employment and Economic Development to obtain funds necessary to redevelop the main building of the old High School complex for mixed income housing.

Mayor Lehmann opened the public hearing and invited anyone present to address the Council on the issue.

Mayor Lehmann acknowledged receipt of letters from two citizens expressing opposition to the city's involvement in the project. Councilmembers noted various telephone calls from citizens expressing opposition to the use of Tax Increment Financing (TIF) or Tax Abatement, but were generally supportive of a redevelopment project to preserve the buildings.

Tim Flathers (Headwaters Regional Development Commission) provided a brief description of the proposed project and a financial summary. He noted that the total development cost is approximately \$6.8 million, and the developer can come up with approximately \$5.8 million, leaving a gap of \$1 million. The Small Cities Development Program application maximum is \$600,000. Therefore, the developer is seeking a commitment of \$400,000 from the city.

Flathers expressed the need for the Council to define the city's role, if any, in helping to finance the redevelopment project. He noted the city's commitment would determine the competitiveness of the application. Flathers suggested four options for Council consideration as follows:

- #1 Submit a proposal that would commit the City to fill the gap that exists and identify the source of the funds.
- #2 Support the project using tax incentives such as TIF or other resources but indicate limits on the dollar commitment, the duration of the subsidy, or both.
- #3 Provide a letter to be submitted with the application that says the city will consider a variety of tools up to \$400,000 but does not identify the specific mechanism. If the project receives SCDP funding, the City would have to identify how it proposes to make the project work.
- #4 Make no specific commitment, but submit the request for SCDP funds hoping that those dollars alone will fill the funding gap.

Flathers also presented a resolution for Council consideration, which authorizes submission of the grant application.

Richard Jaranson, Chairperson of the Reuse Committee, and Chairperson of the Beltrami County HRA, noted that if the project does not receive funding, the buildings would go back to the School District to be torn down at a cost of approximately \$2.5 million. That cost would be borne by School District taxpayers. He supported the use of TIF for the project, which he noted would put the property back on the tax rolls at a future date and would save taxpayers money in the long run. Jaranson expressed the need for the City to continue to explore funding options to see if something can be worked out.

Councilmembers discussed the projected costs, risks involved with bonding and TIF, and the likelihood of County and School District commitment.

Minke discussed the difference between a conventional TIF and a Pay-as-you-go plan noting that the City could structure the TIF District to reduce the risk for the City.

Flathers expressed the importance of hearing from the City, noting that without the numbers, it was premature to go to the school board or county board to ask for support of the project.

A consensus was reached to support the concept for reuse of the buildings; to explore creative ways to contain costs and reduce the financial gap; to solicit additional participation; and explore the use of financing tools other than TIF or tax abatement.

Mayor Lehmann closed the public hearing.

Councilmember Johnson moved adoption of the resolution and supported option #3 to allow exploration of alternatives regarding the city’s financial commitment. The resolution was approved as follows:

RESOLUTION NO. 5095: A RESOLUTION APPROVING SUBMISSION OF A SMALL CITIES DEVELOPMENT PROGRAM APPLICATION (High School Reuse) was offered by Councilmember Johnson, who moved its adoption, and upon due second by Councilmember Erickson, was passed by the following 5-2 vote: Ayes: Erickson, Lehmann, Meuers, Hellquist, Johnson. Nays: Downs, Zachman. Absent: None.

CONSIDERATION OF QUOTES FOR TREE REPLACEMENT PROGRAM (Tabled from the October 6th meeting)

This item was tabled at the October 6th meeting to allow staff an opportunity to determine whether or not there is a provision in the contract to ensure survival of the trees for a period of time after planting.

A copy of the request for proposals was provided. Council noted the provision for watering at the time of planting and 100% replacement (tree and labor) if the planting is not fully leafed in Spring, 2004.

Three quotes were received as follows for the 2003 tree replacement program:

Paul Bunyan Tree Service, Bemidji	\$5735.00
Clearwater Nursery, Bagley	\$6210.00
Palmer Nursery, Blackduck	\$7471.00

Staff recommended acceptance of the low quote from Paul Bunyan Tree Service. Motion by Zachman, second by Meuers, to accept the low bid from Paul Bunyan Tree Service in the amount of \$5735.00. Motion carried by the following vote: Ayes: Lehmann, Meuers, Zachman, Hellquist, Erickson, Johnson, Downs. Nays: None. Absent: None.

CONSIDERATION OF BIDS FOR PAVING ON WEE GWAUS DRIVE AND IRVINGSIDE DRIVE

On October 6th the Council approved Resolution #5092 ordering City Project #03-12 – paving of Wee Gwaus Drive and Irvingside Drive – and authorized City Engineer Freeberg to solicit quotes. Three quotes were received as follows:

Northstar Materials, Inc., Bemidji	\$44,788.36
Mark Sand & Gravel Co., Fergus Falls	\$52,403.20
Clearwater Paving, Leonard	\$74,838.32

Staff recommended acceptance of the low quote from Northstar Materials, Inc. Motion by Downs, second by Erickson, to accept the low quote from Northstar Materials Inc., in the amount of \$44,788.36. Motion carried by the following quote: Ayes: Erickson, Hellquist, Zachman, Meuers, Lehmann, Downs, Johnson. Nays: None. Absent: None.

RESOLUTION NO. 5096: A RESOLUTION DECLARING COSTS TO BE ASSESSED, ORDERING PREPARATION OF PROPOSED ASSESSMENT ROLLS, AND ESTABLISHING A DATE FOR PUBLIC HEARING FOR CITY PROJECT #03-12 (Paving WeeGwaus Drive and Irvingside Drive) was offered by Councilmember Downs, who moved its adoption, and upon due second by Councilmember Erickson, was passed by the following vote: Ayes: Zachman, Meuers, Lehmann, Downs, Johnson, Erickson, Hellquist. Nays: None. Absent: None.

PARKING LOT NO. 9 (Community Service Center)

Minke presented a request from Beltrami County to purchase city parking lot #9 for the purpose of building a structure to house all of the non-court related services that are currently located in

the courthouse. He noted potential advantages of the sale include maintaining the county office downtown and a reduction in maintenance cost to the city. Potential disadvantages include loss of parking in the downtown area and considerable expense if the city decides to acquire additional land to construct a replacement lot.

Some discussion followed regarding the current under-use of the lot, loss of revenue from parking permits, etc., but the Council ultimately agreed to continue discussions with the County. Motion by Downs, second by Hellquist authorizing the City Manger to explore options with the County. All voted aye. Motion carried.

PRESENTATION BY SCHOOL DISTRICT – 2003 SCHOOL REFERENDUM

Rebecca Snider and Heidi Krause, representing District #31 School District, gave a presentation regarding the 2003 School Referendum which will go to voters on November 4th.

AN ORDINANCE ANNEXING PROPERTY ALONG HIGHWAY 71 SOUTH TO THE CORPORATE LIMITS OF THE CITY OF BEMIDJI (Shirley Lillemo Property) was given a second reading.

AN ORDINANCE AMENDING THE BEMIDJI CITY CODE FEE SCHEDULE (Effective January 1, 2004) was given a second reading.

AN ORDINANCE AMENDING CHAPTER 10 OF THE BEMIDJI CODE BY ADDING A SECTION RELATING TO FEES AND PENALTIES FOR LAW ENFORCEMENT RESPONSE TO REPEAT NUISANCE SERVICE CALLS was given a second reading. The Council will be asked to consider a fee schedule for this ordinance prior to the final reading on November 3rd.

ORDINANCE NO. 350: AN ORDINANCE AMENDING AN UNCODED SECTION OF BEMIDJI CITY CODE PERTAINING TO ALLEY VACATION (Planning Case #2003-22) was given a final reading and passed by the following vote: Ayes: Hellquist, Downs, Johnson, Meuers, Zachman, Lehmann, Erickson. Nays: None. Absent: None.

NOTICE OF UPCOMING MEETINGS

Tuesday – October 21 6:30 PM Charter Commission Meeting

COUNCIL/STAFF REPORTS

Lehmann congratulated the Fire Department on another successful Open House and fish fry dinner fundraiser.

Hellquist noted that the Transit Board discussed increasing the city's contribution on the administrative end of things – probably not an increase in funding, but possibly an increase of the Planner's time and perhaps some increased clerical responsibilities.

Hellquist also suggested that the Public Works Committee meet again to discuss issues relating to the Arena. Councilmembers Zachman, Hellquist and Downs will set up a meeting date and notify the City Clerk.

Erickson noted that the Blandin Leadership Conference was a worthwhile learning experience. She also noted that she is planning to attend a NW Service Cooperative meeting on Wednesday, October 22 to review VEBA program.

Johnson reported on the LMC Regional Meeting held in Detroit Lakes on October 1. Discussions included projections of double-digit increases in insurance premiums, VEBA programs, projected deficits, how cities are responding to cuts, and a movement to try to eliminate enterprise businesses in cities. He suggested that Bemidji be represented at the Coalition of Greater Minnesota Cities Fall meeting in November when they set the agenda for 2004.

Johnson also requested continued discussion regarding cable access. Lehmann suggested discussion at the November work session.

Zachman asked about the city policy for leaf pick-up in the Fall and inquired about the location of the leaf landfill. Minke noted that the City picks up leaves for its regular refuse customers.

Those not on regular pick up can have their leaves picked up by calling City Hall. It was noted that the County Transfer Station does not take large quantities of grass clippings or leaves.

Downs reported on a recent meeting with Terry McGaughey, Paul Bunyan State Trail Coordinator (Brainerd), a strong proponent for the trail connection in this area. He has expressed a willingness to work with us and lobby for funds. Downs noted that Representatives Howse and Fuller and Senator Rude are on the Legislative Committee on Minnesota Resources (LCMR) this year. He suggested that we get the sales tax initiative committee together to discuss strategies to pursue funding for trail development and particularly to purchase rail beds.

ADJOURN

There being no further business presented for discussion, motion by Meuers, second by Johnson, to adjourn the meeting. All voted aye. Motion carried. Meeting adjourned 9:15 pm.

Respectfully submitted

Shirley Sherman, City Clerk