

CITY COUNCIL PROCEEDINGS

BEMIDJI, MINNESOTA

March 15, 2004

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, March 15, 2004, at 7:00 p.m. in the Council Chambers of City Hall, Mayor Lehmann presiding.

Upon roll call, the following Council members were declared present: Downs, Erickson, Lehmann, Meuers, Hellquist, Johnson. Absent: Zachman

Mayor Lehmann called for amendments to the agenda. There were none. Motion by Hellquist, second by Erickson, to approve the agenda as presented. Motion carried by unanimous vote.

APPROVAL OF MINUTES

Minutes of the March 1, 2004 Regular Council meeting and March 8, 2004 Council Work Session were presented for approval. Motion by Meuers, second by Downs, to approve the minutes as presented. Motion carried by unanimous vote.

CONSENT AGENDA

The following consent agenda items were presented for approval. Motion by Downs, second by Johnson, to approve the items listed on the Consent Agenda as follows. Motion carried by unanimous vote.

- A. Approved eleven (11) pages of bills in the amount of \$486,063.51*
- B. Approved a Gambling Permit for the Eagles Club (raffle to be held 5/6/04)*
- C. Approved Consumption & Display Permits for the Holiday Inn Express and Bemidji Curling Club.*
- D. Approved a Transfer of Liquor License for O'Brian's*
- E. Authorized Purchase of Replacement Street Department Flusher Truck*
- F. Authorized Purchase of Replacement Sewer Line Department Roll-off Truck*

BEMIDJI YOUTH ADVISORY COMMITTEE REPORT

No Report.

BSU STUDENT SENATE REPORT

Jason Swanson reported that the Student Senate is working on a constitution amendment for MSUSA, and plans are under way for an upcoming BSU sponsored lobby trip to St. Paul where students will lobby for bonding bills, etc. Student Senate Presidential elections for 2004-2005 are coming up as well as the selection of the new State Chair and Vice-Chair representatives.

PLANNING CASE #2001-15: Filed by HHDC for a Planned Unit Development/Special Use Permit - Final Plat of the Lincoln South First Addition. In 2001, the City Council approved the first phase of the Lincoln South P.U.D./Special Use Permit for 6 single-family parcels. Houses have now been built and occupied on these parcels. In 2003 the Council approved the preliminary plat for an additional 27 single-family lots to the west and north of the initial six lots. A total of 33 parcels will be located on the Lincoln South P.U.D. property. Planning Commission recommended approval of the P.U.D./Special Use Permit Final Plat of the Lincoln South First Addition. Motion by Erickson, second by Johnson, to approve the P.U.D./Special Use Permit Final Plat of the Lincoln South First Addition. Motion carried by unanimous vote.

PLANNING CASE #2004-04: Filed by Rich Siegert requesting three sign variances for his multi-tenant commercial building currently under construction at 1019 Paul Bunyan Drive South. The two businesses scheduled to occupy the building this spring are Hampton Inn & Suites and the Green Mill Restaurant & Bar. Two pylon signs are proposed on this property, one for each business. The Bemidji Sign Ordinance permits one, 150 sq. ft. pylon sign per multi-tenant building on a B-2 zoned property. The first variance is for the second

pylon sign. The two proposed pylon signs total 259 sq. ft., therefore, a second variance is being requested for the total number of sq. ft. over the 150 sq. feet permitted for pylon signs. The third variance pertains to wall-mounted signage. Each business is permitted 50-sq. ft. of wall-mounted signage. The Hampton Inn & Suites proposes a 124-sq. ft. sign, therefore, a 74-sq. ft. variance is requested. The Green Mill Restaurant & Bar are proposing a wall-mounted sign slightly smaller than the maximum size allowed. Planning Commission recommended approval of all three sign variances. Motion by Downs, second by Johnson, to approve all three sign variances. Motion carried by unanimous vote.

PLANNING CASE #2004-08: Filed by Robert & Jessalyn Caneen requesting a Special Use Permit to utilize an existing single-family residential structure, situated in a B-2 zone at 916 Washington Avenue South, for single-family residential use. The Planning Commission recommended approval of the special use permit. Motion by Erickson, second by Downs, to approve the Special Use Permit as requested. Motion carried by unanimous vote.

PLANNING CASE #2004-09: Filed by Wiebolt Properties, Inc. (Darwin Wiebolt), former Shirley Lillemo property, requesting to rezone one parcel totaling 55.82 acres, situated on the southeast corner of State Highway numbers 2 and 71, from R-1 (Single-Family Residential – unsewered) to B-2 (Shopping Center / Highway). This property was recently annexed into the City. The Planning Commission recommended approval. Motion by Hellquist, second by Erickson, to approve the rezoning as requested. Motion carried by the following 4-2 vote: Ayes: Hellquist, Downs, Johnson, Erickson. Nays: Meuers, Lehmann. Absent: Zachman.

PLANNING CASE #2004-01: Filed by ShoreQuest – Preliminary Plat for Development of SE Lake Bemidji.

At the February 17th meeting, at the request of the property owner, the City Council postponed action/decision on the preliminary plat for ShoreQuest and directed staff to meet with the property owner to find a cooperative way to develop the property in accordance with the Council's preferences. In early March, staff met with the property owner and developed a concept plan, which was presented to the Council at the March 8 Work Session and received favorable comment from the Council. The City received a letter dated March 10, 2004, from ShoreQuest requesting that Council consideration of the preliminary plat be delayed for 60 days to allow the property owner additional time to look at some specific elements of the concept plan and the logistics of how it will come together.

Motion by Meuers, second by Erickson, to postpone action on the preliminary plat until the May 17th City Council meeting. Motion carried by unanimous vote.

2003 FUND BALANCES

Minke noted that the following resolution reflects the discussion at the March 8th work session including designation of 2003 year-end fund balances; re-designation of \$106,000 currently reserved for Police Department needs to be used for a new police communication system and technology needs for the new Law Enforcement Center building; and authorization to move funds in the amount of \$1,022,168, that were currently accumulated in the General Fund for future equipment purchases and projects, to the Permanent Improvement Fund.

RESOLUTION NO. 5134: A RESOLUTION DESIGNATING 2003 FUND BALANCES FOR GENERAL FUND was offered by Councilmember Hellquist, who moved its adoption, and upon due second by Councilmember Meuers, was passed by unanimous vote.

AUTHORIZE RFP's FOR PAY EQUITY/COMPENSATION STUDY

At the March 8th Council work session, the Council discussed allocating a portion of the 2003 savings towards a compensation and pay equity study, along with some organizational development work for the City. Minke requested authorization to issue a Request for Proposals (RFP) for a consultant to do a pay equity and compensation study.

Minke noted that the city is currently in compliance with state pay equity requirements, but would like to get a better handle on how points are assigned for city positions. He explained that the city currently uses the state job match system where a consultant matches the city's job description to the state job list and assigns a number of points. Minke noted the liabilities with this system are that the consultant does not have an understanding of the job beyond the job description and, in turn, the city cannot explain any one position relative to another position.

Minke proposed developing a system that can be administered by the City and will be more objective and give the city the ability to address relative differences, with the benefit that employees will better understand the system.

Discussion followed and Council agreed that the current state job match system is difficult to understand. Support was expressed for the proposed pay equity and compensation study.

Motion by Erickson, second by Hellquist, authorizing the City Manager to solicit Requests for Proposals for consulting services to implement a pay equity system to address internal equity, and a compensation study to address external equity, and to recommend a consultant to the City Council to complete the study. Motion carried by unanimous vote.

AUTHORIZE USE OF EMINENT DOMAIN TO ACQUIRE RAILROAD PROPERTY

City Attorney Felix noted that the City has been negotiating for the last couple of years to acquire the former railroad corridor between the Mississippi River and the "Wye" at 1st Street S. for purposes of connecting the Paul Bunyan Trail Segments within the City as well as connecting that trail to the State Grant-in-Aid Trail System in the greater Bemidji area. In preparation for a closing the City learned that there may have been more than one owner on the leg of the Wye that extends southeast towards Washington Avenue. The City intends to use its DNR Local Trail Connection Grant (\$50,000) which expires on June 30, 2004, for this purpose. Felix expressed concerns that the question of title for property in that area could cause further delays. To ensure that the City has a property interest by the June 30th deadline, he suggested the Council consider the Quick Take procedure under the Eminent Domain Statute.

The council agreed and approved the following resolution.

RESOLUTION NO. 5135: A RESOLUTION AUTHORIZING THE EXERCISE OF THE POWER OF EMINENT DOMAIN PURSUANT TO MINNESOTA STATUTES, CHAPTER 117, TO ACQUIRE TITLE TO PROPERTY FOR PAUL BUNYAN STATE TRAIL AND STATE GRANT-IN-AID TRAIL CONNECTION PURPOSES was offered by Councilmember Downs, who moved its adoption, and upon due second by Councilmember Meuers, was passed by unanimous vote.

NEW LEGISLATION TO AUTHORIZE "STREET UTILITY" FUND

Council considered a resolution to continue supporting legislation to provide improved funding options for street improvements. Minke noted that the intent of this resolution is to support legislation that would provide cities more flexible spending options in an effort to expand the funding sources available for reconstruction of aging infrastructure in older parts of the City. The League of MN Cities requested support from cities throughout the state for a "street utility" concept as another tool to use for funding pavement maintenance and street reconstruction. The following resolution was passed.

RESOLUTION NO. 5136: A RESOLUTION TO CONTINUE SUPPORTING LEGISLATION TO PROVIDE IMPROVED FUNDING OPTIONS FOR CITY STREET IMPROVEMENTS was offered by Councilmember Meuers, who moved its adoption, and upon due second by Councilmember Hellquist, was passed by unanimous vote

BOYS & GIRLS CLUB REQUEST FOR DONATION (continued from the 2/2/04 and 2/17/04 meetings)

At the February 2 Council Meeting, the Boys & Girls Club of the Bemidji Area presented a request for funding in the amount of \$75,000 to be used for operating expenses. The Council postponed the item pending establishment of a Donation Policy. Minke noted that there are no funds available in the City's 2004 Budget for this item.

Councilmember Erickson expressed opposition to using property tax dollars for donations. However, she suggested that the city contribute funds to the Boys & Girls Club on a one-time basis. She suggested using a portion of the 2003 Liquor Funds, which were set aside for lobbying the sales tax issue in 2004. She noted that the City does not expect to use the entire \$10,000 for that purpose. Downs suggested that the City donate the entire \$10,000. Some discussion followed regarding the necessity for additional lobbying efforts for the sales tax issue. Lehmann noted that most of the lobbying on the sales tax issue has been done this year. Motion by Erickson, second by Downs, to use \$10,000 from the 2003

Liquor Store Funds as a donation to the Boys & Girls Club on a one-time basis. Motion carried by unanimous vote.

Erickson inquired about the status of a donation policy to handle future requests for donations. She suggested that the City adopt a policy that denies use of the General Fund for donations and further suggested that the City establish a community fund for the purpose of handling future requests for donations. Lehmann noted that a representative with the Northwest Minnesota Foundation expressed a willingness to work with the city in that regard. Council expressed support. Hellquist inquired whether the revolving loan fund could be used as seed money for a Community Fund. It was noted that the revolving loan fund must be used for economic development with conditions for repayment.

Motion by Erickson, second by Hellquist, to put a moratorium on any future donation requests excluding the ones that are already set up. Hellquist suggested an amendment to the motion to have the City Council annually review any reoccurring donations that are already in place. Erickson agreed to the amendment. Motion carried by unanimous vote.

DDA REPORT ON PARKING LOT #9

Mike Smith, representative for the Downtown Development Authority (DDA), provided an update on the proposal for tiered parking in Lot #4 to replace the parking lost in Lot #9 with the proposed construction of a County Administration Building. Smith estimated the cost of a very basic two-tier, precast concrete structure, with automated attendant, to be \$900,000. Smith noted that the committee is discussing various financing options and will hold some informational meetings over the next few weeks. He expected to be able to provide feedback to the Council at the May 17th meeting. Lehmann suggested that the DDA work with the City Manager, Planner, and other staff as well as the Public Works Committee as the project progresses.

ADOPTION OF VOLUNTEER FIRE DEPARTMENT BYLAWS (Postponed from the March 1 meeting)

A copy of the revised Volunteer Fire Department Bylaws was distributed at the March 1, 2004 Council meeting. Council action was postponed at that time to allow council members an opportunity to review the revisions.

Motion by Downs, second by Johnson, to approve the bylaws as presented. Motion carried by unanimous vote.

BUSINESS SUBSIDY POLICY

Pursuant to published notice, copy of which was placed on file in the City Clerk's Office, a public hearing was held to consider adoption of a Business Subsidy Policy. Mayor Lehmann opened the public hearing and invited those present to address the Council.

A copy of the proposed Business Subsidy Policy was presented for Council review.

Onan Markeson, 1502 Calihan Ave NE, expressed the need for fairness to other existing businesses in the community. He asked the Council to consider laboratories or manufacturing businesses rather than a competing business. He also suggested that the proposed level of wages required for new businesses in the Business Subsidy Policy is too low at 110% of Federal Poverty Guideline.

Minke explained that the policy requires any new business requesting a subsidy to submit a developer's agreement with certain qualifying factors. The business must be compatible or consistent with the Comprehensive Plan; must provide evidence that the project cannot proceed without the benefit of the subsidy; must remain at the site for a minimum of five years and maintain compliance with the specific job, wage and other goals established. Minke also noted that the Council has some flexibility in the process in the event a project doesn't meet some of the goals but would have other tremendous benefit that would be valuable to the community.

Discussion followed regarding the level of wages and whether the policy should reflect a requirement that benefits should be offered in addition to wages.

Minke explained the concept of using the Federal Poverty Level number as a base for wages. He noted that the information is indexed and calculated every year and it is uniform for the entire country. He supported using that number as the base and suggested the

Council determines what percentage of that number they are comfortable using. Lehmann cautioned not to set the rate so high that it counterbalances the incentive to come to Bemidji. He also reminded the Council that the policy only establishes a **minimum** wage. A consensus was reached that the proposed minimum wage (110% of Federal Poverty Level Guidelines) should not include benefits.

There were no other comments. Mayor Lehmann closed the public hearing.

Motion by Hellquist, second by Meuers to adopt the Business Subsidy Policy with an amendment to reflect that the wage requirement of 110% of Federal Poverty Guideline does not include benefits. Motion carried by unanimous vote.

RESOLUTION NO. 5137: A RESOLUTION ADOPTING A POLICY AND CRITERIA FOR GRANTING BUSINESS SUBSIDIES UNDER MINNESOTA STATUTES, SECTION 116J.993 THROUGH 116J.995 was offered by Councilmember Hellquist, who moved its adoption, and upon due second by Councilmember Meuers, was passed by unanimous vote

CONSIDERATION OF BIDS: NYMORE TRUNK WATERMAIN CONNECTION

Six bids were received as follows for the Nymore trunk watermain connection consisting of a 12-inch watermain extended along First Street East between Trunk Highway 197 and the Nymore water tank.

Christiansen Industrial Developers	\$104,598.20
Reierson Construction	\$112,908.80
Earth Burners, Inc.	\$135,102.06
Spruce Valley	\$137,222.90
Gladen Construction	\$149,557.70
Ernst Trenching, Inc.	\$221,019.00

Engineer Freeberg noted that this is the last segment of a main that connects the Nymore water tank to downtown Bemidji north of the river. Freeberg recommended award of contract to the low bidder, Christiansen Industrial Developers.

Motion by Downs, second by Meuers, to accept the bid from Christiansen Industrial Developers in the amount of \$104,598.20 as recommended. Motion carried by unanimous vote.

WELLHEAD PROTECTION PUBLIC MEETING

Engineer Freeberg introduced Beth Kluthe from Minnesota Department of Health. Ms. Kluthe noted that the City is working on a Wellhead Protection Plan because of a state requirement that all public water supply systems in the state adopt and implement wellhead protection plans. She explained that this is a proactive program attempting to manage potential contamination sources in order to minimize the risk to municipal drinking water. At this point the City is mid-way through the planning process and is required to hold this public meeting.

Part 1 of the Plan identifying the drinking water management area has been submitted and approved. Ms. Kluthe complemented the City, noting that the City does an excellent job of providing good drinking water to its residents. She explained the remaining processes to complete the Plan and responded to Council's questions.

Mayor Lehmann invited those present to make comment or ask questions in this regard. No one appeared.

CONTRACT AMENDMENT FOR CONSTRUCTION PHASE ENGINEERING SERVICES FOR THE WESTSIDE INTERCEPTOR PROJECT

Engineer Freeberg noted that the City recently took construction bids on this project and explained that the original engineering contract was developed in 2000 with very little insight at that time as to what the actual construction project would be. Therefore, the services during Construction Phase were set forth as having to be added by supplement or amendment when the project reached that point. Freeberg & Grund provided a proposal to extend their contract to include construction related services for a fee of \$73,000. City Engineer Freeberg recommended Council approval.

Motion by Hellquist, second by Meuers, authorizing an amendment to the Contract with Freeberg and Grund for engineering services for the West Side Sanitary Sewer Interceptor Project. Motion carried by unanimous vote.

PUBLIC HEARING

Pursuant to published notice a public hearing was held on an ordinance to amend the zoning on a newly annexed parcel located at 1815 Division Street W. Mayor Lehmann opened the public hearing. No one appeared. The public hearing was closed.

ORDINANCE NO. 367, 2ND SERIES: AN ORDINANCE AMENDING THE ZONING MAP ADOPTED IN CHAPTER 13, SECTION 13.08 OF THE BEMIDJI CITY CODE (Pertaining to Planning Case #2004-05, 1815 Division Street W) was given a final reading and passed by unanimous vote.

PUBLIC HEARING:

Pursuant to published notice a public hearing was held on an ordinance to amend the zoning on a newly annexed parcel located at 814 Anne Street NW. Mayor Lehmann opened the public hearing. No one appeared. The public hearing was closed.

ORDINANCE NO. 368, 2ND SERIES: AN ORDINANCE AMENDING THE ZONING MAP ADOPTED IN CHAPTER 13, SECTION 13.08 OF THE BEMIDJI CITY CODE (Pertaining to Planning Case #2004-06, 814 Anne Street NW) was given a final reading and passed by unanimous vote.

AN ORDINANCE AMENDING THE ZONING MAP ADOPTED IN CHAPTER 13, SECTION 13.08 OF THE BEMIDJI CITY CODE (Pertaining to Planning Case #2004-09, Wiebolt Properties, Inc.) was given a first reading.

AN ORDINANCE ADOPTING THE ASSESSMENT POLICY was given a first reading.

UPCOMING MEETINGS

Monday, March 22	5:30 pm	Work Session – Utility Funds, Liquor Fund, Review 2004 budget process
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ADJOURN

There being no further business presented for discussion, motion by Downs, second by Hellquist, to adjourn the meeting. Motion carried by unanimous vote Meeting adjourned 9:10 pm.

Respectfully submitted

Shirley J. Sherman, City Clerk