

**CITY COUNCIL PROCEEDINGS**  
**BEMIDJI, MINNESOTA**  
**Regular Meeting/Work Session – November 27, 2006**

Pursuant to due call and notice, a regular meeting/work session of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on Monday, November 27, 2006, at 5:30 p.m. in the Conference Room in City Hall, Mayor Lehmann presiding.

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

Staff Present: John Chattin, Ron Eischens, Andy Mack, Curt Oakes, Randy Peterson, Alan Felix, Brian Freeberg, Shawn Swenson.

Others Present: Anne Sand, Tim Flathers, Dick Rude.

Mayor Lehmann stated that the purpose of the meeting was to discuss the 2007 Budget, property tax levy, Rako Street property and the proposed Public Works Facility. It was decided to change the order and discuss the Public Works Facility first, followed by Rako Street property and then the 2007 Budget/Property Tax Levy.

**Public Works Facility**

Chattin stated that the proposed facility was to cost approximately \$10.5 million. Staff recently met with the architect to discuss different ways to reduce the cost of the facility. A typo was discovered and resulted in a decrease of \$90,000 to the cold storage facility. Some additional savings considered was use of a different insulated panel, which saved \$52,000, using a different type of construction for the salt shed, instead of a cement building, it would be more like Mn/DOT's storage with bunkered sides and a plastic top. They were also able to reduce an additional \$25,000 for asphalt surfacing. After all of the adjusting, the projected cost was \$9,690,000. There was also discussion of making the facility smaller, changing the design or not putting up fencing, but it was felt that changes could affect the long-term usefulness of facility.

Erickson questioned whether any of the buildings on the Rako Street site could be reused at the new facility. Mack explained that these buildings are all nailed rather than screwed, which could make it difficult disassembled. Johnson asked if the building could be moved intact. Mack replied the building would be difficult to move due to its size. Downs stated that it may be possible that someone might be interested in buying the steel building. Mack pointed out that the major cost of a metal building is the slab. Mayor Lehmann stated that the decision of whether to move forward with the Public Works Facility that the City has had a couple of grant funds were not refunded for 2007 and if we want to keep those positions, they will have to be funded in the budget. The positions are the gang officer for the elementary schools and an auto theft investigator.

Erickson stated that half of the funding for the facility is in City surpluses, assuming use the refuse funds are approved by Council and the other half the Council is talking about bonding for. Erickson questioned if the funding we already have could be used to start the construction and do the other half more on a pay as we go basis or whether the City could borrow the money from themselves. Eischens stated that the City could not borrow that much from ourselves and there would have to be a fairly significant amount of GO bonding. Freeberg stated that construction of the building will likely take approximately 14-16 months and that the bulk of the cost would be in 2007. It was questioned whether any portion of the facility could be delayed. Mack stated that the salt storage is critical and that we cannot have the salt in one location and the equipment in another. Freeberg stated that they did look at the building size, which is designed to go into the future, but if it were downscaled to hold only what the City needs right now, it would bring the size of the building down about 22%, but would only save 13% of the cost of the building, making it more efficient to do it now. He said that the cold storage building could be moved to sometime in the future, but that is only a savings of \$180,000. Mack reminded the Council that this building is also sized for the orderly annexation and the additional equipment, etc., that will result.

Johnson asked about the sale of the old Mn/DOT building and whether any of those funds could be used. Mayor stated that can not remember anyone that was willing to do an appraisal on the property, but if he could recall correctly, the land is probably worth the cost of demolition of the building. Erickson asked why that building not reusable. Mack stated that the shop part of building was built in 1932 and there are code issues, including electrical

and roof problems. Discussion continued regarding other potential property that the City could sell.

Chattin cautioned that if we move ahead with the Public Works Facility, it will deplete the City's reserves by \$4.6 million dollars and it should be discussed how to restore these reserves. He felt it would be more prudent to use funds from any sale of properties to replenish the reserves. He stated that the City has been run responsibly and is in good fiscal shape.

Downs commented that moving forward with the facility is putting the cart before the horse and the funding needs to be figured out before approval. The Mayor stated that the Council needs to decide if they want to move forward with the Public Works Facility. Erickson and Downs both agreed that they could not handle a 31.5% levy increase for 2007.

Chattin stated that he realizes that a double digit levy increase does not seem palatable, but that statistically, there are 217 Minnesota cities that have over 2,500 populations and when it comes to property taxes, we are 204 out of 217, based on 2004 data and that compared to other cities, our taxes are low. It was decided that a decision needs to be made so the architects can move forward.

Motion by Meuers, second by Johnson, to move ahead with plans for the Public Works Facility, keeping it in the 2007 budget, reducing whatever costs that can be, and move forward with ordering plans and specifications. Motion passed with the following vote: Ayes: Lehmann, Markeson, Hellquist, Meuers, Erickson, Johnson. Nays: Downs.

### **Rako Street Property**

Felix started the discussion by pointing out that the question has come up of what is a reasonable sale price of the Rako Street property. Felix reviewed the appraisal and estimate of what the property is worth, focusing on the 13 acres and the appraisal reflects \$330,000 for that 13 acres. He stated that negotiating a purchase price is another matter. He stated that there is also a 1,000 foot strip on the south side owned by the City, along with the police training property and he the appraisal includes these properties just because it is good information to have.

Downs questioned if this appraisal was based on the land being clear of pollution and tar. Felix stated that the appraisal is looking at piece of land that is cleared and ready to sell. Erickson asked if there would be a problem with the shooting range being right next to housing. It was pointed out that there is a house right next to it now. Erickson stated that the City already loosely committed Parcels A and B to the HHDC. She asked Anne Sand to put together a timeline of what has been done on their part.

Anne Sand, HRDC, stated that the environmental assessment has been completed, the appraisal completed and the application for technical assistance has been submitted to Greater MN Housing Fund. She stated that the lack of a City Manager and the fact that she was out of town for a couple of months has slowed things down a bit, but progress has been made. She stated the HHDC would like some time to sit down with City staff to figure out a way to move forward that makes sense to everyone.

Downs pointed out that local contractor, Mike Christianson, has a high scale development going in this area and is concerned with anything that might not look good with his development. Erickson observed that with affordable homes in the City, there are going to be density issues, but it does need to be made attractive for everyone.

Motion by Erickson, second by Meuers, to move forward on Parcels A and B, negotiating a price for sale as close to market value with HHDC. Motion passed unanimously.

Downs stated he wanted to move forward, but also include the developer that has an interest in this and at least be cognizant of each other. Mayor encouraged that Christianson and Sand work together on it.

### **2007 Budget**

Chattin commented that he is hearing a concern by the Council to the 31.5% levy and asked for Council direction.

Erickson questioned why the Public Safety Department's funding is going up 3% when they already comprise of 43% of the budget. She stated that it seems to be at the expense of the Public Works and Street Departments funding.

Eischens replied that over the last three years, the budget policy has been to freeze all line items except for personnel, insurance and fuel increases. The line items that were frozen were things like supplies and union dues. He stated that this three year freeze may be part of the reason there is a large jump, along with having a fire substation that we're paying heating costs for, new firefighter training to get them certified to replace retirees and an increase of utilities, repair and maintenance of the new Law Enforcement Center, which is approximately 1/3 bigger than the old Law Enforcement Center. Eischens also explained that even though the City's taxes are going up on an individual house, the overall amount of taxes is actually going down. He stated that even with the significant levy increase, a \$100,000 home may not see a large tax increase overall.

Erickson stated the even though that may be true, 31.5% increase in the City's levy is not reasonable. Lehmann stated that if the levy were to be lower, it may affect the quality of service, personnel, union contracts and local government aid. Downs stated that he cannot agree to go higher than 19.9%. Erickson stated she wants to challenge the City and Manager to get the levy down from 31.5% to 20%.

Mayor Lehmann pointed out to Council that they have been very frugal up to this point and that there are a lot of things going on in this City as it is a growing City. Downs asked at what point we say it is too much. He stated that one of the Council's concerns is about having a vibrant downtown, but if we keep raising taxes, the small downtown businesses suffer. If the levy were to be cut from 31.5% to 20%, this is a cut in the budget of approximately \$250,000.

Motion by Erickson, second by Hellquist, directing staff to set levy increase no higher than 20%. Motion passed with the following vote: Ayes: Erickson, Downs, Johnson, Hellquist. Nays: Lehmann, Meuers, Markeson.

**Payroll**

Chattin stated that in the past staff got paid twice a month and currently they get paid every two weeks. He asked the Council to consider a policy that would pay staff the 2007 rate for the first payroll and the same would apply for 2008. If the Council were to adopt this policy, it is a one-time cost of \$2,200. The Council agreed and directed Chattin to submit a request to change this policy.

**ADJOURN**

There being no further business, motion by Downs, second by Meuers, to adjourn the meeting. Motion carried. Meeting adjourned at 7:40 p.m.

Respectfully submitted,

Shawn M. Swenson  
Deputy City Clerk