

City Council Proceedings

Special Meeting/Work Session

September 1, 2005

Pursuant to due call and notice, a Special meeting/work session of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on Thursday, September 1, 2005, 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, Markeson, Hellquist, Johnson, Erickson, Meuers. Absent: Downs.

Staff Present: Minke, Oakes, Albrecht, and Murphy-Schuett

Others Present: Dave Hengel, John Carlson, John Puglesa, Denise Doden, Linda Autrey, Terri Otterstad, Bob Fitzgerald, Jim Hanko, Dale Thompson, Dennis Montgomery, Frank Moe, Pamela Kelsey, and Julie Bratvold

Mayor Lehmann stated that the purpose of the meeting was to discuss topics as they relate to the proposed Event Center in the City of Bemidji.

Minke stated that the primary focus of the meeting was to receive information from the Event Center Community Action Team.

Jim Hanko, representing the Bemidji Leads stewards, commented that the idea of an Event Center has been discussed in our community for several years. Bemidji Leads has listened to the community and defined a destiny based on information received. The destiny says, in part, that Bemidji will be a "healthy community, successfully balancing regional center amenities with small town beauty and character" and "a social, cultural, recreational and educational magnet". The regional event center was one of the destiny drivers and Bemidji Leads felt strongly enough about it to "row" on behalf of the community on the project. Hanko stated that when the time comes when the Event Center needs support at the state and local levels, Bemidji Leads stewards are committed to standing together.

Bob Fitzgerald, representing the Community Action Team, provided a background on the Action Team. The Action Team was challenged by Bemidji Leads to respond on the community's behalf. In addition, Bemidji Leads asked the Team to further position Bemidji as a regional center. The Action Team broke into three subcommittees (utility, finance and location) to look in detail at each issue.

Dave Hengel, HRDC, reviewed the process and subcommittee reports. Representing the subcommittees are: John Carlson, Finance; John Puglesa, Location; and Denise Doden, Utility (use of facility).

Utility Subcommittee Report: This Subcommittee's task was to update the information from a marketing report that was done in 1997-1998 that found Bemidji could support an event center. The group sought advice from Burt Lyman, an event center marketing expert, who felt that Bemidji could support an event center. The Subcommittee worked closely with Bemidji State University hockey to make sure that the center meets the needs of the anchor tenant. Key findings: 1) 3,500 seat arena for multi-purpose use. 2) Convention center space that fits with the multi-purpose space. An estimated 8,000 square foot ballroom and 8 break-out rooms are needed. 3) Extra practice sheet of ice to meet the needs of the anchor tenant (BSU). In turn, BSU should make John Glas Fieldhouse available for community use.

Location Subcommittee Report: Started with 14 sites and evaluated each based on criteria ranging from size, access, economic impact on community and got down to two sites, the SE Lake Bemidji site and the south downtown railroad corridor. The Subcommittee met with both representatives of Shorequest and Kraus Anderson. Hengel stated that the Subcommittee is not recommending a single location, but suggested that over the next three weeks the group work with the City to come up with the a site that is in the best interest for the community. Hengel stated that timeline is critical.

Finance Subcommittee Report: Focused on updating previous feasibility studies, issues relating to construction and operation and maintenance of center. Also, the Subcommittee looked at ownership and management of facility. Key findings: 1) Event Center cost, including planning, design and construction, is estimated at \$35 million. 2) Recommended approach the state for 40% of the cost, including planning and design funds. 3) Local share

would come from an extension of the ½ percent sales tax. 4) The community can expect the need for annual operating investment of \$200,000 or so, initially. 5) City is most likely owner of the facility. A private management firm should be considered.

Community Engagement: Action team is committed to being transparent with the community. City first to provide input, input will be sought from a minimum of 30 groups throughout the community and public open houses will begin in mid to late September.

Timeline: Hengel stated that the key deadline is September 30 to get proposal to the Minnesota Dept. of Finance. Seek planning funds for two years. Bonding funds and a referendum for a local option sales tax would follow. Hengel stated that in submitting the request to legislature we need to provide a description of the facility proposed, a description of facility use and how it would be regional in nature, a location choice and suggestion of how the local share will be raised.

Mayor Lehmann commented that there are two sites and one needs to be selected. He felt that more information on the SE Lake Bemidji location is needed. The downtown location is attractive for the purpose of the development of downtown; however, the Depot (history center) will get its view blocked by the Event Center.

John Puglesa stated that the Location Subcommittee is interested and committed to both sites and want to see vital development on the SE lake shore as well as something that would be an economic impact to the downtown in that corridor. The SE Lake Bemidji site would require purchase of land from North Central Door. Another key assumption is that a good portion of the land in the railroad corridor is owned by the City, however, there would be acquisition costs for that site as well. John Carlson stated from the financial perspective that the Subcommittee felt that cost of purchasing land was a toss up in terms of the amount of land to be purchased at either location. Minke commented that acquisition cost at either site is (a) not the most significant cost or (b) the factor that should weigh most heavily on the decision on where the Event Center is located.

Hengel stated he will work with city staff and council to work through the selection of the location.

Minke stated that two questions need to be answered by the Council. Should there be an event center in Bemidji? Does the City Council think that it should own and operate an event center?

The consensus of the Council was that Bemidji is ready for an Event Center stating various reasons which included Bemidji's growth, BSU Division I hockey and building an Event Center would further Bemidji as a regional center. In addition, the Council agreed that it would be the owners of an Event Center and take on the financial risk.

Discussion followed on site selection for the Event Center. Erickson stated she has given it a great deal of thought to the site and supports the SE Lake Bemidji site for the following reasons: 1) Wanting to maintain City of Bemidji as a park and to keep the small town feel and one major concern is the traffic and the impact on the downtown. 2) The Council has expressed concerns on how the south shore will be developed. This site is a premiere piece of property and now the City has a unique opportunity to influence the development of that site. 3) The Event Center needs to be placed in an area that provides amenities to the people who come to the Event Center. There is plenty of room for restaurant, hotels, trails, fishing, boating, etc. 4) An opportunity to clean up the lakeshore to have a healthy lake and there may be additional corporate leverage on state agencies. 5) Odor from WWTF. Johnson commented that more housing in the downtown area should be looked at seriously and he would like feedback from the downtown businesses regarding site selection. Hellquist stated that event center's draw hotels and there would be a huge economic impact and favored the SE Lake Bemidji.

Minke stated that the Council should get answers to the following questions:

- Desire to have a better understanding on economic impact? Does it matter where the Event Center is located?
- What would the impact on the tax base? Projected both with new redevelopment or new development from either site. Is it legitimate to look at the potential that either site or both sites would redevelop without an event center and what would that amount to?
- What are the City's long-term redevelopment goals of the railroad corridor? Is there a preference from the Council's perspective of goals for the City? Is there one site that hits more goals than the other site?

- What is the number of hotel rooms and how close do they have to be to the Event Center?

Erickson observed that the Moorhead Center provides busing from their event center to downtown events. There are alternatives to stimulating the downtown and the more amenities that can be offered the better.

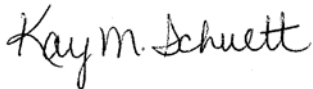
Representative Frank Moe stated that the rich discussion by the Council and the community bodes well for an Event Center's chances in the legislature. Moe stated that he has no opinion to the site selection. However, the location of housing in the Kraus Anderson building would be terrific for our community. He strongly recommended that the City have access to the property, title or a legally binding agreement which will make the case to the legislature stronger.

The Council will discuss the location of the Event Center at their September 12 work session.

ADJOURN

There being no further business, motion by Hellquist, second by Meuers, to adjourn the meeting. Motion carried. Meeting adjourned at 7:25 p.m.

Respectfully submitted,



Kay Murphy-Schuett
City Clerk