

CITY COUNCIL PROCEEDINGS
BEMIDJI, MINNESOTA
Special Meeting/Work Session – March 23, 2015

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 Monday, March 23, 2015, at 5:30 p.m. in the Conference Room of City Hall, Mayor Albrecht presiding.

Upon roll call, the following Councilmembers were declared present: Albrecht, Meehlhause, Hellquist, Olson, Erickson, Larson Absent: Johnson

Staff Present: City Attorney Alan Felix, Public Works/City Engineer Craig Gray, City Clerk Kay Murphy

Other Present: Cate Belleveau; Stacie Kvilvang, Ehlers; Sherry Van Duyan & Cathy Schultz of Landmark Environmental LLC; John & Trudy Peterson

Mayor Albrecht requested that the order of business for the work session be amended and the addition of the following item for discussion: Resolution of Support, Regional Council of Mayors: Grant Application to Northwest Minnesota Foundation.

Motion by Hellquist, seconded by Meehlhause, approving the agenda as amended. Motion carried unanimously.

Proclamation

Mayor Albrecht proclaimed April 5, 2015 as Mary Welsh Hemingway Day in Bemidji.

Tax Increment Financing

Stacie Kvilvang, Ehlers, provided an overview of the Tax Increment Financing (TIF) process, eligible uses and the financing for the University Heights project. She stated that they have determined that TIF assistance for the University Heights project is justified. Project costs are higher due to small scale of the phased development, operation costs are higher due to small scale of the phased development and the developer is still receiving a low market return.

Ms. Kvilvang recommended that the City provide separate pay-as-you-go TIF notes (or possibly 3) – Note 1 for Phases I and II and Note 2 for Phase III and IV (or break this into two notes, one for each phase). Note 1: 26 years of TIF with a principal amount of \$690,000 and interest paid at 4.75% (bank financing rate).

The following is the proposed TIF District Creation Schedule:

- April 6, 2015 City Council calls for public hearing on the proposed TIF District
- April 8, 2015 Letter received by County Commissioner giving notice of potential TIF District
- April 17, 2015 Fiscal/economic implications received by School Board Clerk and County Auditor
- April 23, 2015 Planning Board reviews TIF plan for conformance with comprehensive plan
- May 18, 2015 City Council holds public hearing on TIF district and City Council approves TIF Agreement
- May 19, 2015 City can issue building permits

Motion by Larson, seconded by Meehlhause, authorizing that City staff and Ehlers proceed with the creation of a TIF District for the University Heights project. Motion carried unanimously.

Regional Council of Mayors Grant Application

Mayor Albrecht reviewed her proposal to convene a Regional Council of Mayors made up of mayors from communities in the Bemidji region. As a first step, Mayors from twenty-five communities in a 40-mile radius of Bemidji will be invited to participate in the Council which will meet regularly in Bemidji. She stated that the Northwest Minnesota Foundation (NMF) has approved the pre-proposal and invited submission of a full proposal to fund the startup of the Regional Council of Mayors. Grant approval requires cash match of one-half of the grant request. The draft budget reflects a cash match of \$1,300 to come from the Administrative budget. Non-cash match includes City Clerk staff time and hosting

information about the organization on the City's website. Future operational costs are proposed to be through member dues.

Motion by Hellquist, seconded by Meehlhause, supporting up to \$1,300 cash match and \$1,300 non-cash match for first year start-up costs for the Regional Council of Mayors to be funded from the Administration budget. Motion carried unanimously.

Lake Bemidji South Shore Restoration and Enhancement

Gray stated that in June of 2011 the City hired the firm of Landmark Environmental to assist the City with design of a project to remove woodchips from the bottom of Lake Bemidji along the south shore. The estimated cost in March of 2014 was \$1.4 million for the lakebed cleanup. The City Council discussed the project and various funding alternatives at their March 3, 2014 work session and voted to cancel the bid opening so that Lessard-Sams funding could be applied for. The Lessard-Sams Committee has recommended to the Legislature that the project receive \$1,650,000 in funding and it is believed that the City will receive these funds. During the grant application process the City learned that ecological restoration work along the lakeshore and lakebed would need to be included. Approximately \$250,000 was added to the grant application for ecological restoration.

Gray stated that if the Council wishes to complete the project this year, bids will need to go out by June 5, 2015. This would require approval by the Council of the proposal from Landmark Environmental detailing the work that be involved in adding the ecological components to the project plans and rebidding the project. The proposal is in the amount of \$29,309. This price is an estimate and could increase slightly depending on the number of meetings with permitting agencies. Gray noted that the \$29,309 would not be reimbursable by the grant and would have to be paid with City funds. The alternative is to complete the project in 2016 and have the design costs reimbursed by the grant. The Finance Director is recommending that the funds be appropriated from city reserves if they wish to complete it in 2015.

Motion by Olson, seconded by Erickson, authorizing the City Engineer to enter into a professional services contract with Landmark Environmental and directing that the necessary funds be appropriated from city reserves. Motion carried unanimously.

Paul Bunyan Inclusive Playground

City Attorney Felix reviewed the request by Marcia Larson, Parks & Recreation Director, to apply for a DNR Outdoor Recreation Grant. The grant program is to increase and enhance outdoor recreation facilities in local and community parks throughout the state. The Paul Bunyan Inclusive Playground is a good match to the DNR Outdoor Recreation program guidelines. The Bemidji Rotary Club is leading the fundraising efforts for the playground and is willing to partner with the City in preparing the grant application. The cost for the entire project is estimated at \$450,000. The request to the Outdoor Recreation Grant would be for \$50,000 and would be specifically for the sensory wall which is estimated at \$100,000. The required local match for this project is 50%. The proposed funding source for the local match is a combination of the funding committed by the Rotary Club members, and other grants and fundraising led by the Rotary and the \$85,000 allocated by the City of Bemidji. The Rotary Club currently has more than enough funds committed to meet the local match for this grant.

RESOLUTION NO. 5938: A Resolution Accepting Responsibility as Sponsoring Agency for an Outdoor Recreation Grant for the Paul Bunyan Inclusive Playground Project was offered by Councilmember Olson, and upon due second by Councilmember Meehlhause was passed by unanimous vote.

City Manager's Contract

Council reviewed and discussed the contract that the City's consultant, Dave Unmacht, negotiated with Nate Mathews. The following are the key points in the contract:

1. Start date: May 4, 2015
2. Salary: Starting pay at grade 21 (Step C or \$99,201) with a step increase to \$102,921 after six months and completion of a successful performance evaluation.
3. Performance Evaluation: Six months and annually thereafter.
4. Paid Time Off: 120 hours initial bank and accrue at a rate of 29 days per year based on 11 years of service.
5. Insurance Benefits - \$818 per month to purchase insurance and other benefits which similar to the other non-union employees.
6. Moving Allowance – Up to \$4,000 to cover moving and temporary living costs. The City will directly pay vendors upon submission of invoices. If Mr. Mathews voluntarily

leaves employment with the City of Bemidji, he will be required to reimburse the City as follows: 100% within first year, 50% within second year, 25 within third year, and none thereafter.

7. Termination Provision: In the event Mr. Mathews is terminated by the City when he is willing and able to perform the duties of City Manager, the City agrees to pay him four month's salary. If employee is terminated for misconduct, malfeasance, felony or conviction for an illegal act involving personal gain, the City shall have no obligation to pay termination benefits.

Councilor Erickson expressed concerns about the proposed starting pay for the city manager. She stated she has no personal concerns about Mr. Mathews but rather the start pay was high in comparison to his experience at a smaller town. Discussion continued and concerns were expressed about the 6-month probationary review.

Motion by Larson, seconded by Meehlhause, to approve the terms and conditions of the City Manager contract as presented. Motion carried unanimously.

ADJOURN

There being no further business, motion by Meehlhause, seconded by Larson, to adjourn the meeting. Motion carried. Meeting adjourned at 7:10 p.m.

Respectfully submitted,



Kay M. Murphy
City Clerk