

CITY COUNCIL PROCEEDINGS

BEMIDJI, MINNESOTA

Regular Meeting – March 3, 2014

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 3, 2014 at 7:00 p.m. in the Council Chambers of City Hall, Mayor Albrecht presiding.

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

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

AMENDMENTS TO AGENDA

Mayor Albrecht called for any amendments to the agenda. **Motion by Erickson, seconded by Johnson, to approve the agenda as presented. Motion carried by unanimous vote.**

MINUTES

The following minutes were presented for approval:

Council Meeting	February 18, 2014
Work Session	February 10, 2014
Sp Work Session	February 24, 2014

Motion by Erickson, seconded by Johnson, to approve the minutes as prepared. Motion carried by unanimous vote.

CONSENT AGENDA

The following Consent Agenda items were presented for approval. **Motion by Thompson, seconded by Olson, to approve the Consent Agenda items as follows:**

1. Claims submitted by the Finance Officer in the total amount of \$272,118.22
2. Claims submitted by Venuworks for the Sanford Center in the total amount of \$74,999.35
3. Miscellaneous Business License Renewals for 2014
4. Appointment to the Railroad Corridor Committee – Thompson (replaces Mayor Albrecht)
5. Travel Authorization – CGMC Legislative Action Day – March 5 - Johnson

Motion carried by unanimous vote.

CITIZENS NOT ON AGENDA

No one appeared.

COMMITTEE REPORTS

Bemidji Youth Advisory Commission – Hannah Sorenson, BYA representative, reported that the BYAC has added another member, planning a Listening Lunch which will be about Bemidji Day at the Capitol and are focusing their efforts on the June 7 event.

BSU Student Senate – Cody Kennedy, Freshman Senator, reported on upcoming Senate activities. In addition, there will be eight senators attending Bemidji Day at the Capitol.

Librarian's Report - Paul Ericsson, Branch Manager, reported that the Library continues to develop working relationships/partnerships with other groups in our community. He stated that they recently they have developed a partnership with the 21st Century Community Learning Centers with focus on assisting children with reading. Ericsson highlighted March events at the library.

OLD BUSINESS

South Shore Beach/Lakebed Cleanup

Mayor Albrecht reviewed a memo prepared by the City Manager which outlined options for south shore park development and lakebed/shore cleanup. She reminded the Council that they made the decision to hire a consultant to prepare plans and specifications and bid a lakebed cleanup. In addition, a survey was conducted to obtain citizen input and opinions.

City Engineer Gray briefly reviewed the funding options available to the Council. Staff has been working for the last 11 months to put together plans and specs and there is a bid opening on March 21. The first option if the Council wants to do the project, open bids and fund the

project using internal funds. The second option is to adopt a resolution calling for a referendum to issue bonds and, due to the timeline, the Council would need to decide tonight if they want a special election. The third option is to cancel the project tonight so the bidders do not go through extra expenses and seek other funding, i.e., Lessard Sams. If they choose the third option, the quickest the project could be done is fall of 2016.

City Attorney Felix interjected to stress to the Council that what was driving the need for Council consideration and action that night was that project bidding had progressed through bid advertisement and invitation. As such, timing of bid award and subsequent project implementation in 2014 compelled a timely Council decision on whether to use GO Bonding authority (project funding) supported by a voter referendum. Felix went on to distinguish other typical, standard funding options, including internal funding and various other GO Bonding options that wouldn't require a referendum. Felix concluded by recognizing the third, or what he characterized as the "outside" funding options be it LCCMR and/or the Lessard Sams grant process.

Mayor Albrecht supports the idea of cleaning up the beach and the lake. The entire south shore development is important and she does not want the City to be rushed. She pointed to option number three, cancelling the bid process, to allow us an opportunity to investigate other funds. She stated that the burden for this project does not need to fall on 50% of the taxable properties in the community and does not favor a bonding referendum. The Council needs to seek state resources to assist with the project and explore other funding options like the Lessard Sams Outdoor Heritage funding which makes sense for this project. She has spoken to Rep. Persell regarding the Environment and Natural Trust Fund which provides funding to protect and resource land, water and habitat. Persell indicated to the Mayor that he would be willing to support that application.

Councilor Thompson disagreed with Mayor Albrecht's recommendation as he believed it would delay the project for another five years and the City needs to sell property. Discussion followed regarding the three referendum questions and Gray pointed out only one of the options would be selected for a referendum.

Hellquist commented that the City does not technically own the lakebed and feels that the more partners the City has the more the cost and liability could be spread out.

Olson stated he supports cleaning up the water and beach but it does not like the idea of a referendum in May and that a tax increase that could last years would be decided by a few voters.

Thompson felt that the survey is much like the referendum and feels that the City should fund it internally.

Gray stated that to date the City has spent approximately \$50,000 on design, bidding and permits. In addition, there is a pre-bid meeting scheduled for March 5 and if the Council decides not to proceed with the bidding, he would cancel that meeting as contractors will be coming from the Twin Cities.

Johnson stated that he supports the option to fund internally as it makes the most sense to him. Since the Council is not interested in expanding the liquor stores, he suggested that the funds are available in the liquor store reserves. He commented that the rest of the money be borrowed from reserves which would lower the reserves to approximately 40%. He commented that he was one of the councilors that sold the Nymore Beach with the intent that the City would replace it. He commented that it is critical to improve the lakebed and beach area to sell the land in the south shore. He stated that property taxes may not need to go up as "new" property is added to the tax rolls.

Mayor Albrecht stated she is not a big fan of using reserves and asked the Finance Director for his feedback.

Finance Director Eischens stated that there is no doubt that the City can internally fund the lakebed cleanup project. However, every decision that the Council makes has an opportunity cost. If it is the Council's decision to fund it internally, then it would not be available for other purposes whatever they may be.

Meehlhause asked the City Engineer to outline the downfalls to delaying the bids at this time.

Gray stated that a disadvantage to delaying the bids for two years is that in all likelihood the bid prices will likely be higher. There is very good interest in the project right now and all the

permitting has been completed. He has visited with the consultant and asked about the cost to rebid in two years. It will cost about \$10,000 to rebid the project which includes a couple of permits that will expire. Gray stated he would not like to see the City to proceed with bids if there is no funding in place. This would cast an unfavorable light on the City.

Erickson asked if the City went the route of a referendum and the referendum failed, how would the bidders feel if the project was cancelled? Gray responded that the bidders would understand that.

Erickson observed that the City's reserves are "working capital" and believed that 35% is required by the State. Eischens responded that the City Council adopted a policy of 50% of the subsequent year's budget and is recommended by the State Auditor to keep between 35% and 50%. He further stated that if the City's reserves falls below 50%, it is the Council's policy to replenish the working capital. Discussion continued regarding the reserves and how they are used. Eischens stated he will have an update for the Council at an upcoming work session to identify how much is in unidentified reserves.

Mayor Albrecht stated that the first option envisions cleaning the lakebed and beach funded internally, using up \$900,000 of reserves and \$500,000 liquor reserves but there is still park development to do. Albrecht stated she is hesitant to draw from the reserves as the City may need it for matching funds or there may be other "unforeseen" things looming on the horizon.

Olson stated that there is a 5% tax increase for seven to eight years and reminded everyone that there are bond payments coming due. It worries him that in 2015 there will be higher bond payments.

Johnson commented that there is \$1.4 or \$1.5 million in bond reserves. He felt that it was important to sell the land to help with bond payments and that cleaning up the beach will make it easier.

Eischens stated that there is \$1.4 million in bond reserves but will make bond payments through half of 2016.

Thompson stated that the City should not worry about possible catastrophes or the future. He commented that he believed it was "disrespectful" to ignore the community survey.

Erickson stated that the point tonight is whether to delay the bid and look for additional possible funding.

Meehlhause stated that the survey that was sent out to the public was to cleanup both the park and lakebed and the majority wanted to see that option. He stated that the Council is still moving forward and we have an opportunity to save the taxpayer's money. At the end of the day we need to ask ourselves what is the right thing to do.

Mayor Albrecht stated that the Council is being very thoughtful in making a decision.

Motion by Meehlhause, seconded by Erickson, to cancel the current bidding process with the goal of seeking other funding options for cleanup of the South Shore Beach and Lakebed. Motion carried with the following vote: Ayes: Meehlhause, Albrecht, Hellquist, Olson, Erickson. Nays: Johnson, Thompson.

NEW BUSINESS

City Manager's Follow-up Performance Review

Mayor Albrecht stated that at the February 24 work session, the following goals were set for the City Manager:

- Communicate those things, i.e., property sales, joint planning issues, that will eventually come to the City Council; and
- Utilize the Department Heads to assist with items to communicate with the Council at the Tuesday morning meetings.

Water Treatment Plant Upgrades (City Project #13-07)

City Engineer Gray stated that last year the Council rejected bids for upgrades to the Water Treatment Plant. Some of the proposed improvements include bringing the existing facility and surrounding infrastructure into code compliance and increase the flow efficiency through the facility, replace chemical storage tanks, install new chemical treatment pumps, meters, scales and installation of electrical components to allow the treatment facility to be connected to a future SCADA/alarm system.

Staff has done some value engineering on the project and recently went with bids. The following two base bids were received:

Reierson Construction	\$529,989.85
Eagle Construction Co.	\$639,346.00

In addition, to the bid amounts, the City will be direct purchasing \$23,000 of various meters and control systems for the project from other vendors. Engineering and design costs are also added to the overall project resulting in a total project cost of approximately \$630,000.

Motion by Erickson, seconded by Johnson, to award the low bid to Reierson Construction of Bemidji in the amount of \$529,939.85 for the Water Treatment Plant Upgrades (#13-07). Motion carried unanimously.

UPCOMING COUNCIL MEETINGS

- Monday, March 10 5:30 p.m. Work Session – Paul Bunyan/Library Park Development
- Monday, March 17 5:30 p.m. Public Works Committee – Discuss Snow Removal on Sidewalks
- Monday, March 17 7:00 p.m. Council Meeting

COUNCIL/STAFF REPORT

- Hellquist reported that the interview committee has a recommendation for the Airport Director which they will be bringing to the Board for consideration.
- Council members provided updates on current events and meetings.

ADJOURN

There being no further business, motion by Hellquist, seconded by Olson, to adjourn the meeting. Motion carried. Meeting adjourned at 8:50 p.m.

Respectfully submitted,



Kay M. Murphy
City Clerk