

# **CITY COUNCIL PROCEEDINGS**

## **BEMIDJI, MINNESOTA**

### **Special Meeting/Work Session – August 31, 2017**

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, August 31, 2017, at 5:30 p.m. in Council Chambers of City Hall, Mayor Albrecht presiding.

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

Staff Present: City Manager Nate Mathews, City Attorney Alan Felix, Finance Director Ron Eischens, Deputy City Clerk Michelle Miller

Mayor Albrecht stated that the purpose of the work session was to discuss the Carnegie Project and potential eligibility for historic tax credit financing. Catherine Marchand, Treasurer of the Friends of the Carnegie Library, and member of the Carnegie Task Force, was asked to update the Council. Marchand began by stating that in order to start construction in the spring, a couple of key steps will need to be taken this fall that will require Council approval. She related that The Friends of the Carnegie Library has raised approximately \$1.33 million to date from donations and grants, and that this summer, Widseth, Smith & Nolting had updated the project construction cost estimates and the projected costs are approximately \$1.9 million. Between the money raised and the construction costs estimated, there is a projected shortfall for the construction, and, therefore, the Task Force has been looking at ways to close that gap.

One option is Historic Preservation Tax Credits. Marchand stated that the Carnegie project appears to qualify for Federal and State tax credits. The potential infusion of tax credit financing could be \$275,000 - \$400,000. The group feels there are local investors that could partner with the City regarding this option.

Even with historic tax credits, there will still be a gap in funding the project. Another suggested option to decrease the gap would be to lower the construction costs by delaying the construction of the addition (and elevator) would help lower those costs. In checking with WSN an enclosed vertical wheelchair lift in lieu of an elevator is allowed for rehabilitation projects. Downsizing the project in this fashion would decrease the total costs by approximately \$300,000. However, this change would create a lot of additional work for both the state grant and any application for tax credits in that the design plans would need to be modified and approved by the state and park offices. The task force does not support that option. Therefore, finally, another suggestion to fill the funding gap could be a five year loan from the City.

Council discussed the following:

- Actual construction costs are unknown until the bidding process
- Additional information is needed regarding the relationship between the historic tax credit process and the state grants awarded for the project
- Additional information is needed regarding the relationship with the “management” company and the city regarding the tax credit process
- The construction timeline is contingent upon the expiration of the grants
- Who will occupy the space and if it will generate revenue
- If the project fails to proceed, ultimately the City may have to pay for the demolition, and the cost of demolition has likely increased over the \$100,000 the City has already pledged
- The total amount that the City could have into the project might be as much as the anticipated gap in funding
- It's possible that the bids could come in lower than the bid estimate

The following individuals spoke in support of continuing to save the Carnegie Library:

- Nancy Vyskocil, Northwest MN Foundation
- Linda Lemmer, member of Carnegie Task Force
- Alan Brew, member of Save the Carnegie Library
- Sue Liapis, President of Friends of the Carnegie Library

Consensus of the Council was that the addition should stay with the project and that Council and staff should continue to look into the Historic Preservation Tax Credits option and a verification of whether both state grants and tax credits could be used in conjunction for this project.

**ADJOURN**

There being no further business, motion by Hellquist, seconded by Erickson, to adjourn the meeting. Motion carried. Meeting adjourned at 6:55 p.m.

Respectfully submitted,

A handwritten signature in blue ink that reads "Michelle R. Miller". The signature is written in a cursive style with a large initial "M".

Michelle R. Miller  
Deputy City Clerk