

September 16, 2019 Regular City Council Meeting

MINOT CITY COUNCIL – SCHEDULED MEETING – SEPTEMBER 16, 2019 AT 5:30 P.M.

ROLL CALL

Members Present:

Jantzer, Olson, Pitner, Podrygula, Sipma, Straight, Wolsky

Members Absent:

None

PLEDGE OF ALLEGIANCE

Mayor Sipma presiding and led the City Council in the Pledge of Allegiance.

PROCLAMATION – MAGIC DAY OF GIVING

The Mayor proclaimed September 13, 2019 Magic Day of Giving:

WHEREAS, the Magic Day of Giving is the largest volunteer coordinated community service event in the history of Minot; and

WHEREAS, launched in 2014, the Magic Day of Giving has thus far included more than 10,100 volunteers who have donated 22,365 hours, which is equivalent to \$532,209; and

WHEREAS, the work performed by the thousands of volunteers since 2014 creates and promotes a sense of community spirit that is a hallmark of the city of Minot and its residents; and

WHEREAS, these volunteer efforts serve to strengthen our community by reminding us all that we can help make Minot a better place to live, work, and play through the power of volunteerism; and

WHEREAS, businesses in Minot have continually responded to the needs of our community and our residents by allowing and encouraging their employees to take part in the annual Magic Day of Giving; and

WHEREAS, the residents of Minot have eagerly worked together with the organizers of Magic Day of Giving to make this annual event a success by donating their time to help others in the community;

NOW, THEREFORE, DO I, Shaun Sipma, Mayor of the City of Minot, hereby proclaim Sept. 13, 2019, as the Magic Day of Giving in Minot, and call upon public officials, business and community leaders, and all Minot residents to celebrate this day by joining those who support Magic Day of Giving through volunteering or by making financial donations to help the efforts of those who participate in the Magic Day of Giving.

APPROVAL OF THE MINUTES – APPROVED

Alderman Jantzer moved the City Council approve the minutes of the September 3, 2019 regular City Council meeting.

Motion seconded by Alderman Olson and carried by the following roll call vote: ayes: Jantzer, Olson, Pitner, Podrygula, Sipma, Straight, Wolsky; nays: none.

ORDINANCE NO. 5416 - ZONING TEXT AMENDMENT – CHAPTER 2, DEFINITIONS & CHAPTER 11-3 (Q) – SECOND READING – APPROVED

Alderman Jantzer moved the City Council place ordinance no. 5416 on second reading amending Chapter 2, Definitions and section 11-3(q) of Chapter 11 of the Zoning Supplement to the Code of Ordinances, City of Minot, North Dakota to regulate commercial and residential mixed use in hotels and motels in the C2, General Commercial Zoning District. Motion seconded by Alderman Olson and carried unanimously.

Alderman Jantzer moved the City Council pass ordinance no. 5416 on second reading. Motion seconded by Alderman Olson and carried by the following roll call vote: ayes: Jantzer, Olson, Pitner, Podrygula, Sipma, Straight, Wolsky; nays: none.

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ORDINANCE NO. 5417 – AMEND THE 2019 ANNUAL BUDGET- ACQUISITION PROPERTIES ON EL RIO DRIVE (CAP037, CAP038, & CAP039) – SECOND READING – APPROVED

Alderman Jantzer moved the City Council place ordinance no. 5417 on second reading amending the 2019 annual budget to increase the flood control sales tax and flood control capital expenditures for properties acquired on El Rio Drive using flood control sales tax reserves. Motion seconded by Alderman Olson and carried unanimously.

Alderman Jantzer moved the City Council pass ordinance no. 5417 on second reading. Motion seconded by Alderman Olson and carried by the following roll call vote: ayes: Jantzer, Olson, Pitner, Podrygula, Sipma, Wolsky, Straight; nays: none.

ADMINISTRATIVE APPROVALS – APPROVED

Alderman Jantzer moved the City Council ratify the following administratively approved requests.

1. Army's 2.0 for a special event permit August 31, 2019 at Roosevelt Park (1215 E Burdick Expy)
2. East End for a special event permit August 10, 2019 outside 400 East Central Avenue
3. The Pour Farm for a special event permit August 8-15, 2019 outside 201 37th Ave SW
4. Bishop Ryan Catholic School Boosters to conduct raffles from August 23, 2019 through October 19, 2019 at Herb Parker Stadium (500 University Ave West)
5. Bishop Ryan Catholic School Boosters to conduct raffles from September 3, 2019 through February 20, 2020 at Bishop Ryan Catholic School (316 11th Ave NW)
6. Off the Vine for a special event permit September 1, 2019 on Main Street downtown
7. Broadway Liquor for a special event permit August 22, 2019 outside 1030 North Broadway
8. The Landing Bar for a special event permit October 5, 2019 outside 2015 North Broadway
9. The Landing Bar for a special event permit September 1, 2019 on Main Street downtown
10. The Pour Farm for a special event permit August 22-29, 2019 outside 201 37th Ave SW
11. Off the Vine for a special event permit August 18, 2019 at Oak Park (1305 4th Ave NW)
12. Zion Lutheran Church Women to conduct a raffle October 12, 2019 at Zion Lutheran Church (1800 Hiawatha Street)
13. The Ranger Lounge for a special event permit September 14, 2019 outside 1218 South Broadway
14. Souris River Brewing for a special event permit September 12, 2019 for the Wine Walk throughout downtown Minot
15. Souris River Brewing for a special event permit September 14, 2019 on Main Street downtown
16. The Pour Farm for a special event permit September 5-12, 2019 outside 201 37th Ave SW
17. Army's 2.0 for a special event permit September 13-22, 2019 at Mouse River Players (115 1st St SE)
18. Army's 2.0 for a special event permit October 12, 2019 at Mouse River Players (115 1st Street SE)
19. Minotauros Junior Hockey Club for a special event permit September 6-20, 2019 at MAYSA Arena (2501 West Burdick Expy)
20. Minotauros Junior Hockey Club for a special event permit September 21, 2019 – October 5, 2019 at MAYSA Arena (2501 West Burdick Expy)
21. Minot Y's Men Club to conduct a calendar raffle January 1, 2020 through December 31, 2020 at Minot YMCA (3515 16th Street SW)
22. John Hoeven Elementary PTA to conduct a raffle September 21, 2019 at Elevation (1912 Valley Bluffs Drive)
23. Army's 2.0 for a special event permit September 12-24, 2019 outside 12 3rd Street SE
24. Edison PTA to conduct bingo, raffles, and a calendar raffle September, 2019 through May, 2020 at Edison Elementary School (701 17th Ave SW)

Motion seconded by Alderman Olson and carried by the following roll call vote: ayes: Jantzer, Olson, Pitner, Podrygula, Sipma, Straight, Wolsky; nays: none.

RETAIL BEER & WINE LICENSE – HORIZON HOSPITALITY, LLC DBA EXPRESSWAY SUITES OF MINOT – APPROVED

Alderman Jantzer moved the City Council approve the request from Horizon Hospitality, LLC dba Expressway Suites of Minot, for a Retail Beer & Wine License operating at 1605 35th Ave SW.

Motion seconded by Alderman Olson and carried by the following roll call vote: ayes: Jantzer, Olson, Pitner, Podrygula, Sipma, Straight, Wolsky; nays: none.

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ORDINANCE NO. 5418 – AMEND THE 2019 ANNUAL BUDGET - FIRE COMMAND VEHICLE (FD0087) – FIRST READING – APPROVED

Alderman Jantzer moved the City Council place ordinance no. 5418 on first reading amending the 2019 annual budget to increase the fire control vehicle maintenance and operations supplies revenues and expenditures and decrease the fire equipment purchase revenues and expenditures to purchase non-capital equipment for the Fire command vehicle. Motion seconded by Alderman Olson and carried unanimously.

Alderman Jantzer moved the City Council pass ordinance no. 5418 on first reading. Motion seconded by Alderman Olson and carried by the following roll call vote: ayes: Jantzer, Olson, Pitner, Podrygula, Sipma, Straight, Wolsky; nays: none.

LEASE AGREEMENT WITH RSI FOR ROOFTOP SPACE FOR INSTALLATION OF RADIO REPEATER AND ANTENNA – APPROVED

Alderman Jantzer moved the City Council grant approval to enter into a lease agreement with Rehab Services Inc. for the rights to install, maintain, and operate communications equipment at Henry Towers for the purpose of upgrading the transit department's two-way radio system.

Motion seconded by Alderman Olson and carried by the following roll call vote: ayes: Jantzer, Olson, Pitner, Podrygula, Sipma, Straight, Wolsky; nays: none.

MOWER WITH ROTARY BROOM ATTACHMENT (AIR077) – APPROVED

Alderman Jantzer moved the City Council grant approval of the bid from MTI Distributing, Inc. for the purchase of a commercial grade out front mower with cab and rotary broom attachment and authorize the Mayor to sign any applicable documentation.

Motion seconded by Alderman Olson and carried by the following roll call vote: ayes: Jantzer, Olson, Pitner, Podrygula, Sipma, Straight, Wolsky; nays: none.

SRT UTILITY EASEMENT ON CITY PROPERTY – APPROVED

Alderman Jantzer moved the City Council approve the proposed right of way easement for SRT and authorize the Mayor to sign the necessary documents.

Motion seconded by Alderman Olson and carried by the following roll call vote: ayes: Jantzer, Olson, Pitner, Podrygula, Sipma, Straight, Wolsky; nays: none.

ASSIGNMENT OF LEASES, T-HANGAR NO. 8; T-HANGAR NO. 12 – APPROVED

Alderman Wolsky moved the City Council approve the Airport T-Hangar Lease between the City of Minot and M20K LLC c/o William Quam for T-Hangar No. 8 for \$75.00 per month and approve the Airport T-Hangar Lease between the City of Minot and Jay Blessum for T-Hangar No. 12 for \$75.00 per month and authorize the Mayor to sign the agreements. Motion seconded by Alderman Pitner.

Upon questioning by Alderman Wolsky, the Airport Director clarified, these hangars are different from the land lease that is being discussed later in the agenda.

Whereupon a vote was taken on the above motion by Alderman Wolsky seconded by Alderman Pitner and carried by the following roll call vote: ayes: Jantzer, Olson, Pitner, Podrygula, Sipma, Straight, Wolsky; nays: none.

PUBLIC HEARING ON THE PROPOSED 2020 BUDGET

The City Council held a public hearing on the proposed 2020 annual budget.

Aaron Moss, President of the Fraternal Order of Police, Souris Valley Regional Lodge #7, came forward on behalf of law enforcement regarding the budget. He gave some background on the Lodge itself and then spoke in support of the budget as presented. He said, he believes the budget recognizes the highest priorities and responsibilities they serve including public safety, critical infrastructure and then economic development. The budget demonstrates that the Council is showing their

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commitment to retaining a trained and experienced staff. By protecting the staff's pay and benefits shows respect for the efforts put forth and improves employee retention. He continued by saying, they are particularly impressed with the budget's ability to fund critical infrastructure, projects and public safety priorities without a property tax increase or a decrease to benefits to staff members. He thanked the Council and encouraged them to vote in favor of the budget as proposed.

Mike Enslin, of 1714 5th Ave SW, spoke to the Council about the increase in taxes in recent years. He said, his taxes have gone up 48% over the last two years and neighbors are moving out because their taxes are too high. He stated, a majority of residents believe the City should tighten its belt when it comes to spending and they should keep that in mind as they develop future budgets.

With no further comment from the public, Alderman Jantzer moved the City Council close the public hearing. Motion seconded by Alderman Pitner.

ORDINANCE NO. 5419 - ADOPT 2020 BUDGET ORDINANCE – FIRST READING – APPROVED

Alderman Jantzer moved the City Council place and pass ordinance no. 5419 on first reading to adopt the 2020 annual budget. Motion seconded by Alderman Pitner.

Alderman Wolsky asked the Finance Director to provide an update regarding page 85 of the budget, where it lists Economic Development for \$122,330 and a transfer to the General Fund for \$177,670.

Mr. Lakefield explained, that money is set aside for City of Minot economic development efforts. The City is currently working with a recruiting firm to fill a position that was authorized in the 2019 budget. The General Fund transfer is the transfer to the Planning and Community Development Department to cover the salary, benefits, and expenses associated with the position. The remainder of \$122,330 is seed money for the revolving loan fund that was approved last year. He further explained, one of the economic development activities by the City is the development of a non-profit revolving loan fund. This was an amendment in last year's budget so it does not show up under the 2019 column as a comparable. It was included as an ongoing appropriation in this year's budget however, this is the appropriation to spend this year and if not spent in 2019, it will revert back into the fund balance for economic development and could be appropriated in future years.

Alderman Wolsky asked about Hub City funding to which Mr. Lakefield responded by saying, they anticipate an increase of about \$3 million from what was estimated for the 2019 budget. The new formula for calculating Hub City funding took effect July 1st so the assumption was that we would see about half of the funding this year. Due to delays in how the money is paid through to the City, we expect to see funding later in September so only a portion of the estimated revenue will be received in this year. He further explained that what was budgeted using Hub City funds has been accounted for. They try to forecast accurately without over estimating and typically have some left over available for appropriation in the next year.

Mayor Sipma pointed out, the forecast is based on model estimating \$55 per barrel so changes in the price will affect the total.

Alderman Straight then asked about reserves for NAWS. Mr. Lakefield said, there is about \$18 million in current reserves but they anticipate a shortfall going forward. The second penny of sales tax was reallocated toward NAWS but it could take 4-5 more years of sales tax collections to fully fund the project.

Alderman Straight requested clarification on whether the biota plant would be funded locally. Mr. Lakefield confirmed, the assumption is that the biota plant would be paid for by the state and reimbursed by the federal government. Alderman Straight mentioned the need to update the public so they know when sales tax can be used for other things.

Mr. Barry added, the \$43 million needed to finish the project is inclusive of the \$18 million in reserves so when the sales tax is no longer needed for NAWS it can revert to other things, including flood control or something else the Council decides.

Alderman Wolsky stated, the \$250,000 for Economic Development that was allocated in 2019 is still available and another \$250,000 is appropriated in the 2020 budget. He suggested the Council continue to appropriate \$250,000 to Economic Development but in a more specific manner.

Alderman Wolsky moved the City Council amend the 2020 budget to reduce the accounts 262-7900-465.12-00, Economic Development and 262-7600-491.30-00, Transfer to the General Fund, to \$50,000 each and appropriate \$200,000 to the Downtown Business & Professional Association and encumber the 2019 dollars to the Economic Development position. Motion seconded by Alderman Straight.

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Alderman Wolsky explained that the amendment would secure three years of funding for our Economic Development Specialist. He said there is a need for professional staff in downtown, as demonstrated by the IEDC report and the updated infrastructure. The DBPA doesn't have the means to fund a full-time employee and they have proposed a request for funding. He said he believes DBPA is the right vehicle to support downtown.

Alderman Straight said, there are additional organizations who have stepped up such as Visit Minot and Souris Basin Planning Council. He asked Alderman Wolsky if he would consider dividing the funds between the organizations.

Alderman Jantzer said, he appreciates the sentiment but he is not convinced this is a prudent expenditure given the current structure of the organization. There is no plan in place for how the individual will produce the results they are looking for.

The Mayor explained that he met with the President of the Downtown Business Professional Association and this amendment differs from their request and all other requests for funding. Allocating money at this point does not include a contract, deliverables, benchmarks or matching funds that have been required for other organizations who have looked for funding. In his discussions with the DBPA President he explained steps to move forward with potential requests but the amendment at this point is premature.

Mr. Lakefield clarified that if the transfer to the general fund is reduced or eliminated as Alderman Wolsky proposed, it would eliminate the economic development position from the Planning and Community Development department. There would not be an appropriation to fund the position in 2020. He suggested a more appropriate action would be to take the money from the fund reserves and appropriate it for spending. Otherwise, we would potentially hire the position in the fourth quarter of 2019 but not be able to fund the position in 2020.

Alderman Wolsky replied by saying, his intention was to take the 2019 dollars and encumber them to fund the position in 2020 since we already have \$250,000 in this year's budget.

Mr. Lakefield said, the more appropriate action would be to increase the appropriation for the 2020 budget utilizing reserves appropriated in the 2019 budget. They have to have the money in the budget to be able to spend those dollars. They cannot encumber because there is no contract in place to encumber.

The Mayor confirmed with Mr. Lakefield that they cannot increase the mill levy at this point and would have to draw reserves out of another location in the budget.

Upon questioning by Alderman Wolsky, Mr. Lakefield said a budget amendment is possible but it would be a risk to their recruiting efforts if the funding for the position is not included in the 2020 budget.

Alderman Straight said he is uncomfortable hiring a staff member who will receive the benefits of the pay plan without having the deliverables lined up for that position. He suggested that if we don't fill the position soon, should look to the private sector to do the work.

Mayor Sipma said, he met with the recruiter and it would be premature to pull the plug on the position.

Alderman Wolsky clarified, he did not intend to eliminate the position with this motion, only acknowledge that the money set aside for economic development has not been used. He said, details are yet to be worked out but the intent is to commit to downtown through the Downtown Business & Professional Association for three years.

Mayor Sipma reminded, they recently went through an excessive exercise with Visit Minot for MAGIC Fund dollars with contracts, deliverables, and benchmarks. He said, he would be uncomfortable approving an allocation at this point. There are other ways to address this after deeper discussion with DBPA.

Whereupon a vote was taken on the above motion by Alderman Wolsky, seconded by Alderman Straight and failed by the following roll call vote: Straight, Wolsky; nays: Jantzer, Olson, Pitner, Podrygula, Sipma.

Alderman Wolsky moved the City Council amend the 2020 Annual Budget to reduce account 262-7900-465.12-00, Economic Development, by \$3,000 and add a line for Renaissance Zone Marketing. Motion seconded by Alderman Straight.

Alderman Wolsky explained that the Renaissance Zone Board has been redeveloping the Development Plan. They discovered that the Renaissance Zone Board has a responsibility to market the zone but has not had the resources to do so. He thought it would be appropriate to include a modest amount to market the Renaissance Zone.

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Mayor Sipma asked if it would be reasonable to include marketing of the Renaissance Zone within the Economic Development Specialist's duties.

Alderman Wolsky said, he does not believe a staff position is responsible for the duty and does not recall seeing it in the new position's job duties. The Renaissance Zone Board holds the responsibility for marketing according to the Development Plan.

The City Manager responded by saying, they have spent time with MADC as it relates to marketing and one of the concerns is a decrease in their marketing budget. He said he would like to keep that intact as much as possible. The City's component in the budget of \$250,000 includes about \$165,000 for the Economic Development Administrator position but the difference left can be used for other operational activities, including marketing. Economic Development dollars go toward MADC through contractual arrangements, marketing, and administration of the MAGIC Fund. He explained that the Council can direct staff to use funds toward marketing the Renaissance Zone without making any changes to the budget.

Mayor Sipma said, the economic development budget includes marketing the Renaissance Zone as well as the Opportunity Zones. It already exists as part of the budget as a component of the position.

Alderman Wolsky explained that it hasn't been prioritized in the past and therefore he brought it up as an amendment to specifically highlight it as a line item.

Alderman Olson asked Alderman Wolsky why \$3,000 was chosen as the budget and if it was based on a quote or other research. Alderman Wolsky said, it came from discussions at the Renaissance Zone meetings. They felt they needed resources and it seemed like a reasonable amount.

Whereupon a vote was taken on the above motion by Alderman Wolsky, seconded by Alderman Straight and failed by the following roll call vote: Straight, Wolsky; nays: Jantzer, Olson, Pitner, Podrygula, Sipma.

Alderman Straight pointed out that a pay increase for the Council is included in the budget, changing the pay from \$500/month to \$1,000/month. He took the opportunity to say that he wants to discuss placing term limits on Council members and the Mayor. He announced that he will not run for reelection next year because he supports a two-term limit which gives more members of the community a chance to participate. The increase in pay could motivate the community to run for City Council.

The Mayor asked the City Manager to describe the salary survey that was conducted to determine the pay increase. Mr. Barry explained, Council salaries were evaluated using the same methodology that is used for all City positions. The attempt is to keep pace with salaries to remain competitive. In the past, the Council decided not to include their positions in the salary survey but the excursion is now greater than 50%. It seemed worthy of the Council's attention particularly now that the Council only has seven members to attend meetings and share duties. The Council ensured there was logic and fairness applied to the increase and no one was profiting by serving in the position.

Alderman Wolsky moved the City Council amend the 2020 budget to remove the Cash Reserves from Personnel savings from 2018 to City Hall in the amount of \$749,042 and remove the Cash Reserves Recreation to City Hall Retaining Wall in the amount of \$925,949 eliminating the City Hall Retaining Wall project. Motion seconded by Alderman Straight.

Alderman Wolsky explained the reasons why he is opposed to the project. He mentioned the extraordinary rising costs of the wall particularly for the cost of steel and suggested that other options that do not involve steel should be evaluated. He quoted a letter from Braun Intertec provided to KLJ which said, they planned to use a ready rock type MSE wall system to replace the retaining walls. Alderman Wolsky said, it seems like we did not look for alternatives for securing the slope's stability. He does not believe alternatives were fully vetted and suggested the project slow down to explore options. He also brought up information that was shared at the August 19th Council meeting which said the wall would pay for itself in 25-30 years. After researching the costs of maintenance, he found that it is closer to 39 years. He said, since 1992, there has been about \$60,000 spent on maintaining the wall. He suggested hiring Braun Intertec, the original geology consulting firm, to give estimates on some alternatives.

Alderman Straight agreed that he hasn't liked this project from the beginning and doesn't think it is necessary right now. He said, this is one of those projects that we might want but we can't pay for it. He sees the project as a very expensive, aesthetic wall that can be pared back to spend far less.

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Mayor Sipma said, there has been over three hours of discussion on this issue. He stated, he does not agree that we can wait any longer for this project, since it has been over a decade in the making and multiple structural engineers have made that point. Contrary to some public comment, there is a future use for City Hall as it is expected that the Police Department would expand after City Hall relocates.

Alderman Pitner stated, this is the cost of maintenance just as it would be to our homes. The longer we wait the more expensive it becomes. We have an opportunity to take care of our assets responsibly so he said, he cannot support the amendment.

Alderman Podrygula also disagreed with the amendment. He said, we may have limited ourselves early by committing to a replacement wall but at this point it is justified. He agreed with the point that we should not just repeat and automatically replace with what we have had. He said, if it were feasible to use natural grasses, he would support it but it isn't feasible.

Alderman Wolsky clarified, it is not his position to ignore the problem. There is \$1.4 million in the 2019 budget for design but he would prefer to remove these dollars from the 2020 budget to evaluate alternatives and get a report that includes all the options. He said, if at that point, the wall is still the best alternative, then it would have his support.

Whereupon a vote was taken on the above motion by Alderman Wolsky, seconded by Alderman Straight and failed by the following roll call vote: Straight, Wolsky; nays: Jantzer, Olson, Pitner, Podrygula, Sipma.

A vote was then taken on the original motion by Alderman Jantzer, seconded by Alderman Pitner and carried by the following roll call vote: ayes: Jantzer, Olson, Pitner, Podrygula, Sipma, Straight; nays: Wolsky.

PUBLIC HEARING OF A DEMOLITION ORDER FOR 512 8TH ST NE

The City Council held a public hearing to allow an opportunity for the property owner, or neighbors, to voice their opinions on the demolition of 512 8th Street NE. No one appeared on behalf of the public hearing.

Alderman Pitner moved the City Council close the public hearing. Motion seconded by Alderman Jantzer.

Alderman Podrygula said, they have been dealing with this property for eight years now without a response from the owner. He emphasized that they need to seriously address these issues and he asked that staff find a way to manage properties more effectively.

The Mayor said, Mr. Zakian is finalizing details on a report on "zombie" homes and it will be presented to the Council at a future meeting.

Alderman Wolsky commented on the need to find balance between handling "zombie" homes without overreaching the government's abilities.

Whereupon a vote was taken on the motion by Alderman Pitner, seconded by Alderman Jantzer and carried by the following roll call vote: ayes: Jantzer, Olson, Pitner, Podrygula, Sipma, Straight, Wolsky; nays: none.

VISIT MINOT MAGIC FUND AGREEMENT

Alderman Olson moved the City Council adopt the MAGIC Fund Screening Committee's recommendation to approve the Visit Minot MAGIC Fund grant for \$300,000, which will be used to develop a citywide marketing campaign. Also, the City Council approve the MAGIC Fund Grant Agreement and authorize the Mayor to sign it on behalf of the City. Motion seconded by Alderman Jantzer.

Alderman Straight commented on the amount of time spent going back and forth between the attorneys and said, there should be a faster way to negotiate agreements.

Mayor Sipma replied by saying, there was discussion about a concierge to streamline the process of negotiating agreements.

Alderman Podrygula described the change in direction the City is taking regarding economic development where money is being spent on marketing and branding. He said it is appropriate but it is different from how we've spent money in the past. He directed a comment to the advertising agents involved in the contract to caution against creating an "ad campaign". He said economic activities and government funded activities are different from selling products. He said he trusts their

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professionalism in developing a good marketing campaign but encouraged them to be mindful of characteristics of taxpayer-supported programs and to be very accountable.

Alderman Wolsky asked about the negotiation process and what concerns or changes took place in the agreement.

City Attorney Hendershot explained, there were comments shared between both parties. The comments from the City mainly concerned whether all elements required in the MAGIC Fund guidelines were included in the agreement, including measurable outcomes and performance standards which are now part of the contract.

Upon further questioning by Alderman Wolsky, the City Manager said, the organization was included the development of the agreement to ensure the expectations were realistic.

Mayor Sipma stated, this agreement is more than just economic development, but also an image that we're sending out to not only Minot, not only to North Dakota but to the rest of the world, that we are a business-friendly community. We are also inviting people to move to Minot. We have 2.1% unemployment rate, and selling our community to those who might be looking for somewhere to move for a great job is an important piece.

Alderman Olson commented that as a member of the selection committee, there was such a sense of excitement and community after that process. She said, she expects it will perpetuate throughout Minot when it rolls out.

Whereupon a vote was taken on the above motion by Alderman Olson, seconded by Alderman Jantzer and carried by the following roll call vote: ayes: Jantzer, Olson, Pitner, Podrygula, Sipma, Straight, Wolsky; nays: none.

PERSONAL APPEARANCES

None

UPDATE ON THE EXPIRING LAND LEASE WITH MINOT AVIATION

Bob Martin, attorney representing Ava and Stuart Lucke came forward to continue the discussion on the expiring lease with Minot Aviation. He provided emails to the Council between City staff and himself and requested the Council act on a motion directing staff to work with Minot Aviation to comply with the FAA regulations and renegotiate a lease. He said, he understands the concerns regarding FAA funding but his clients wish to come into compliance and negotiate a lease. Since the Luckes own the building which is of considerable value, they want to negotiate a lease that is agreeable to all parties. He mentioned that the Attorney's Office has provided him with relevant FAA regulations and information to contact the FAA and he is waiting for a response. He said his client is willing to close the Hobby Shop if a waiver is not provided by the FAA and they can maintain the building that is used to store functioning airplanes.

Assistant City Attorney Stalheim provided the motion that was approved at the previous meeting, which stated, "Alderman Pitner moved the City Council adopt the recommendation of the Airport Director not to renew or extend Minot Aviation's current land lease, which expires on January 31, 2020; and direct the Airport Director to move forward with all actions necessary to wind up the present lease with Minot Aviation. Motion seconded by Alderman Straight." She said, the motion was approved unanimously and staff has moved forward following that direction. If any new proposals are submitted by Mr. Martin's client or any other interested parties, they will be presented to the Council to consider what the best and most reasonable use of the property is at that time.

Alderman Pitner asked what would happen to the building when the lease expires. Ms. Stalheim explained, the owner could move the building, sell it to the City, or sell it to a new leaseholder.

Mr. Martin said, when they left the previous meeting, they believed they would work toward a new lease and they cannot just walk away from the building.

Upon questioning by Alderman Podrygula regarding the process moving forward, Ms. Stalheim explained that the parties have been communicating. The Attorney's office is available to discuss the lease but they have not received any business proposals to lease the property.

Mr. Martin's client's position is that they would like an FAA compliant lease that would allow them to lease the property and continue operations at a newly negotiated franchise lease.

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Ms. Stalheim said, her office has not received any information that indicates they are changing the operations of the business, which was the issue raised during the inspection. There is a factual dispute whether the activities taking place on the site are aeronautically related.

Mr. Martin said he contacted representatives from the FAA and needs to determine a definition of what constitutes aviation related activity. The building is used to store functioning airplanes, services airplanes and is engaged in the manufacturing of aviation related parts. If a waiver for the Hobby Shop isn't possible Ms. Lucke stated, she will move her operation.

The Mayor said, the City needs to see something in writing regarding a change in operations or a waiver from the FAA. He said to remain in contact with the City Attorney after communicating with the FAA and a new lease can be discussed.

Alderman Wolsky asked if there are deadlines for a new lease or for proposals for new leases and if there is a clear definition of an aviation related activity.

Ms. Stalheim said, she has forwarded the guidance from the FAA describing the limited uses of airport property, what aeronautical uses are considered and the approval process. It was also included to the initial notice that was given to the leaseholders.

GATHERING SPACE

Alderman Wolsky summarized the memo that he provided to the Council: "To summarize, the current state of affairs including the progress of the project, recent questions about the location, the uncertain footprint, the uncertain design, uncertain partners, unknown operational aspects, concerns about the budget, Council actions predicated on funding fears, and the public attitude toward it is not acceptable to this Alderman. These circumstances are not the foundation on which sound decisions are made."

His memo outlined a proposal to make a renewed commitment to Site #2 and evaluate the project footprint and design elements without the use of NDR funds. He also proposed a feasibility study be conducted and an operational business plan be developed at the expense of the City. He suggested using tools like a TIF or BID to manage the space or sources like property tax, MAGIC Fund dollars, or state funding be used.

Alderman Pitner said, the project could be the crown jewel of the community but he is not on board with Alderman Wolsky's proposal. He brought into question the validity of the online poll that was taken during the site selection process and the private marketing campaign for Site #2. He said, he is committed to moving on with the next location if Site #2 doesn't work out. He continued by saying, he does not believe government spending should benefit private investors. He said it would be a bait and switch situation to develop the project through the use of NDR funds and then switch the funding source to use taxpayer dollars especially when the City needs to tighten the purse strings. This project was identified as a need during the NDR process and they should take a step back if considering the use of tax dollars.

Alderman Jantzer said, the Council voted to extend the deadline for negotiations from August 30th to September 30th and discussing the project tonight would be subverting the process. He suggested they wait until the September 30th deadline and if negotiations don't happen, then they can decide what action to take next.

Alderman Jantzer moved to table the discussion until after the September 30, 2019 deadline for property negotiations on site #2. Motion seconded by Alderman Olson and carried by the following roll call vote: Jantzer, Olson, Pitner, Sipma; nays: Podrygula, Straight, Wolsky.

ACQUISITION POLICY & VALUES GUIDANCE

Alderman Wolsky explained the memo he provided to the Council. He quoted the letter that was provided to property owners at the beginning of the acquisition process, which said, "Once the environmental review is completed, an appraisal will be undertaken by the city and an initial offer will be made for not less than the appraised value."

He questioned the use of assessed values to determine the offer prices when property owners were told it would be appraised values. Alderman Wolsky proposed that the City administration develop an over-arching property acquisition policy independent of NDR activities and include a clause that when seeking to acquire real property with the use of local, state, or federal dollars, the City shall first conduct an appraisal. He highlighted the organizational values integrity, consistency, and fairness which should be considered by the Council. He said, the valuation methodology used by the City may be acceptable to HUD but is not acceptable to him and he would like a higher standard of accountability on behalf of the City.

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Alderman Straight read a statement he had prepared for discussion. He described the need to retain and attract people to the city of Minot by improving the quality of life. He spoke about the missteps that have been made throughout the process and said, he dropped the ball on this project and apologized to the community. He mentioned an article that was written by the Minot Daily News when Mr. Barry first started as City Manager, insinuating that Trinity was going to be the location of the Gathering Space. He accepted that there may be doubt in the results received through the SurveyMonkey poll but that was the mechanism the City chose to use so we need to own that. He said, it is a time to reboot this project. He requested the Mayor appoint a different Council member to be the liaison to the Gathering Space because he cannot adequately defend staff and alleviate concerns. He also suggested the NDR Program Manager step aside from this project to restore public trust.

Mayor Sipma directed Alderman Straight to address staff concerns through the proper chain of command by communicating with the City Manager. He also questioned the mistakes Alderman Straight mentioned and said there were three options identified for the Gathering Space. He argued that they cannot look into the City's own coffer to build a gathering space when there isn't yet enough money for flood control. They can explore a public private partnership rather than using tax dollars but the City cannot build what it can't afford. He also emphasized that the process taking place is within federal acquisition guidelines.

Alderman Podrygula shared that he hasn't heard complaints from the property owners and wondered if appraisals and assessments are used interchangeably. He raised concerns about the escalating conversation and encouraged the Council to take a step back to avoid making the discussion conflictual. He said, the City and the Council made a commitment to the community and to HUD. They are trying to make the best space possible, they are negotiating but if it doesn't happen with Site #2, they should move forward to the next location.

Alderman Olson asked for clarification on the situation Alderman Wolsky described in his memo. She asked if the situation was remedied and what the current policy states.

The City Manager explained, there are different policies depending on the type of acquisition. Appraisals are used in involuntary acquisitions and assessments are used in voluntary acquisitions.

Mr. Zakian further explained, the policies were adopted in 2012 for voluntary acquisitions and in 2015 for involuntary acquisitions. Staff has been tracking the outcomes of acquisitions using appraisals versus assessments and on average, the values are within 5% of each other, meaning there is really no impact on the value. He said however, appraisals cost money so he would recommend consistently using the City assessments in order to cut costs. Considering the amount of properties being acquired, using assessments rather than appraisals could have saved the City about one million dollars by now.

Mr. Zakian then said that in January 2018, informational letters were sent to property owners to determine if there was any interest in selling the properties. The City had to assure HUD the owners of sites 1, 2, and 3 were willing to sell their properties. At that time, staff still needed clarification from HUD whether the process would be voluntary or involuntary. If the letter referenced the assessed value, it would preclude they were using voluntary. He also acted under the direction that the process should be handled expeditiously and if appraisals were going to be completed, the offers for the property would not have been prepared until May.

Alderman Wolsky requested a copy of the policies, to which Mr. Zakian said he would provide them.

Alderman Podrygula confirmed with Mr. Zakian that because the Gathering Space is using HUD funding, and the properties are solely voluntary acquisitions, the current City policy is that city assessments are used.

Alderman Wolsky asked how many properties have been acquired outside of voluntary acquisitions and if acquisition of commercial properties occur less frequently. Mr. Zakian did not have the information on hand but offered to find out and report back to Council.

Alderman Olson commented that she chaired the buyout appeal committee for several years and when using voluntary acquisitions, assessed values were used. Throughout the process of those appeals, property owners were no more satisfied with appraisals than they were with assessments.

Alderman Wolsky said, the standard used for the gathering space was not good enough which is why he is raising concerns about the practice. He stated, spending money on an appraisal for these properties on the front end would have made negotiations much smoother and saved time and expenses now.

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The City Manager explained that the City has not changed the policy since 2012 and the accusation that the City has made this acquisition more difficult is absurd.

Alderman Podrygula asked Alderman Wolsky what he believed would be a higher standard of accountability.

Alderman Wolsky responded by saying, using a third party to conduct appraisals would separate the City from conspiracies and lack of trust. It appears there have been different policies used to determine values for similar buildings.

Alderman Pitner stated that even using an appraisal will not get the result the property owners are looking for.

DEPARTMENT REPORT: FIRE CHIEF

Fire Chief Kronschnabel gave a presentation where she described program and project updates including, information on emergency reporting software, their facilities plan, and active shooter training. She also gave details about the department's strategic vision and the process of implementing it.

LIAISON REPORTS

Alderman Pitner's meetings are taking place later this week so he had nothing to report.

Alderman Jantzer also had not met with his assigned committees since the last meeting.

Alderman Wolsky invited everyone to attend the Planning and Zoning ordinance committee meeting taking place September 18th from 8:00 am-10:00 am.

Alderman Straight said, Souris Basin Planning Council has had one successful application for the buydown program and is currently processing 3-4 more.

Alderman Olson met with the Census Count Committee and emphasized the importance of counting everyone in Minot. She said, reaching a population of 50,000 will greatly benefit the community and it is important to know details about the population. There will be an online submission for the census but they are also working to hire enumerators to travel door to door surveying residents. Alderman Olson said she also attended a meeting along with the Mayor and City Manager, to discuss recruitment and the economic development administrator position with Baker Tilly.

Alderman Podrygula did not have any meetings on which to report.

Mayor Sipma mentioned the delegation from Norway that will be visiting for Norsk Hostfest. He said, they are scheduling a social gathering which he will be inviting the Council to attend.

ADJOURNMENT

There being no further business, Alderman Pitner moved the City Council meeting be adjourned. Motion seconded by Alderman Olson and carried unanimously. Meeting adjourned at 8:24 pm.

ATTEST: _____
Kelly Matalka, City Clerk

APPROVED: _____
Shaun Sipma, Mayor