

COMMUNITY DEVELOPMENT COMMITTEE

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Members Present:

Jantzer, Olson, Podrygula, Straight, Wolsky

Members Absent:

None.

Others Present:

Alderman Sipma, Mayor Barney, City Manager, City Clerk, City Attorney, Finance Director, Public Works Director, Assistant Public Works Director, Public Information Officer, Airport Director, City Comptroller, City Treasurer, Recreation/Auditorium Director, City Engineer, Planning Director, Police Chief, HR Director, Rick Hedberg, Bob Miller, Jill Schramm

To the Honorable Mayor and All Aldermen:

Following are the minutes of the **Community Development Committee** meeting called to order at 10:05 AM on July 20, 2017, in the City Council Chambers:

Chairman Olson opened the meeting and instructed the committee that each applicant would present information about their request prior to calling for a motion.

The Finance Director provided information to the Committee prior to the applicant presentations. He said, there were nine applications submitted, requesting a total of over \$11.9 Million. He explained the definition of Community Facility, as approved by the City Council, to mean "A Community Facility would fill a need by the community, and it should be owned and operated by a political subdivision. If non-profit groups are eligible, they should be limited to partnership projects with political subdivisions, not stand alone non-profit projects." He stated, the YWCA and Souris Valley Animal Shelter had not submitted information demonstrating a partnership with a political subdivision by the time of the meeting.

Mr. Lakefield continued by explaining a summary of the funds available and said the projected amount available to award is \$4,829,456.

Upon questioning by Alderman Wolsky, the City Attorney described an "enterprise" as a business venture with some risk involved for both parties. She said, beyond that definition, the Attorney General has required that in order to do an enterprise with a nonprofit, the City must be authorized to engage in the enterprise, there must be a public purpose and there must be supervisory controls the government has over the entity and the use of the funds.

The City Manager stated, the purpose of the enterprise agreement is to ensure there is no outright gifting of public funds and there is a public benefit with the use of the funds.

Children's Museum of Minot, Inc. (dba Magic City Discovery Center) and Minot Park District

Mark Lyman, a Board Member of the Magic City Discovery Center, came forward on behalf of their application. He recognized the Board members involved with the project and explained a history of the

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concept and design. He said, their vision is to have a permanent children's museum that includes a discovery center for hands on activities. It will be geared toward ages 0-14 and focus on STEAM (Science, Technology, Engineering, Art, and Mathematics). Throughout the planning process, two nationally known consultants have been used. They conducted a feasibility study which determined there would be an average of 70,000 annual visitors which would generate about \$200,000 in local and state tax revenue. The Magic City Discovery Center will also create 62 direct and indirect jobs. Mr. Lyman described the location and gave examples of different exhibits that would be incorporated into the building.

He concluded by explaining the partnerships and campaign fundraising efforts that will help move the project forward. He requested support from the Committee by stating, the facility will improve the quality of life in Minot, provide year-round entertainment, and attract tourists which will replenish the Community Development fund in tax revenue.

Mr. Lyman then answered questions from the Committee. He said, entry to the facility will be similar to the Zoo. There will be memberships available and a regular entry fee will average \$6-\$8. He explained the capital campaign by saying, similar projects depend on 10-15 major sponsors which account for a majority of the funding. He expects to confirm most of them in the next six months and the funding from this Committee will get the ball rolling. The goal is to earn the remainder of the funding within one year.

Alderman Podrygula shared some questions he received through a citizen's email. Mr. Lyman responded by saying, the building would not generate property tax since it will be leased from the Park District. They would not be able to finance the project through bank loans because it is a non-profit so they would not earn a profit from the facility to pay back the loan. Upon questioning concerning the sustainability of the operation, Mr. Lyman replied by saying, there is always risk involved but community feedback has demonstrated a need for a children's museum and it will be the only facility of its kind within over 300 miles. If necessary, the lease would go back to the Park District and could be used for something else.

Alderman Podrygula suggested acquiring numerous partnerships with schools, the Parks and Recreation Departments, and MSU, to which Mr. Lyman responded by saying, those partnerships are already being discussed.

Alderman Wolsky complemented the presentation and stated, this is the kind of project for which the fund was developed. He asked about the operating costs and whether it is sustainable. Mr. Lyman said, the Discovery Center will have flexible operations where it can remain open during peak times and close when it is less profitable. A facility like this usually earns 50%-60% of its revenue through memberships and entry fees and the rest through grants. Upon further questioning, he said, the project is not dependent on receiving the requested funds but it would be a critical piece.

Bob Miller, of 512 5th Ave NW, spoke in favor of the project by describing the importance of educating children to improve the future. He said, the community is committed to change and an investment such as this would help the community become a destination for travelers.

Melissa Stanley, an educator with Minot Public Schools and professional learning advisor, also spoke about the need to have a facility like this in Minot. She said, there is a void the Discovery Center could fill and

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spoke about her personal experiences. She described the desire children have to be involved in activities like this.

City of Minot – Carnegie Center

Dan Jonasson, Public Works Director, came forward on behalf of the application for the Carnegie Center. He said, the request is for funds to maintain and repair structural issues to property the City owns. EAPC completed the analysis and cost estimate and should have the report ready within the next week or so. The request in the application was for \$550,000 but that was an estimate provided by a contractor. A more accurate amount will be available once EAPC completes the report.

Upon questioning by Alderman Olson, the Public Works Director stated, the repairs will need to be done regardless of whether or not this Committee grants the funding. If it is not allocated through Community Development funds, another source would be required, such as a tax levy.

The City Manager explained, there is a ten-year lease agreement with the nonprofit which expires in August 2021. The building can be rented for a variety of public activities like, weddings, parties, or meetings. He further stated, the City is the landlord of the building and is responsible for structural preservation. It is also included in the Historical Register and must be maintained to certain standards.

Joyce Rustad, a volunteer member of the Carnegie Center since 1998, thanked the City for previous improvements made to the building, including central air. She described the venue and all the events made possible there. She said it is a beautiful, quaint, elegant building run by volunteers all willing to help preserve it.

City of Minot – City Hall

Derek Hackett, Public Information Officer, presented a request for improvements to the audio/visual and ADA components of the Council Chambers in City Hall. He described how meetings are currently broadcast through the use of YouTube but in order to improve transparency and accessibility there are changes that should be made to the equipment. He requested additional cameras that would provide multiple angles for better viewing, a document projector, and hearing impairment assistance equipment that would make it possible for disabled citizens to take part in meetings. With help from Independence, Inc., Mr. Hackett shared statistics that 50 out of 10,000 citizens with disabilities are discouraged from participating in local government because of barriers. He stated, by using 1.5% of the community facilities funds available, the City could increase the participation in local government.

He also described some improvements that could be made to make Council Chambers more handicapped accessible such as a new podium and a ramp on one side of the dais.

Upon questioning by Alderman Podrygula on the current ADA requirements, the City Attorney explained, ADA compliance is required according to the time a facility is built, therefore the building is currently compliant with the regulations.

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City of Minot – Recycling Transfer Facility

Jason Sorenson, Assistant Public Works Director, came forward to discuss the application for a recycling transfer facility. He said, it is the second step toward city-wide recycling that that was recommended by the recycling ad hoc committee. The goal of the program is to divert as much trash as possible from the landfill and in order to do that, waste must be transferred to the nearest Materials Recovery Facility (MRF) to be sorted.

Upon questioning, Mr. Sorenson stated, it would be a regional facility and would charge a tipping fee to the surrounding seven counties that use the landfill. He further explained, the facility will not be used for sorting trash; it will be a location to transfer materials that will be hauled 500 miles away to the nearest MRF.

Upon questioning as to whether the facility could be funded in stages, Mr. Sorenson replied by saying, the design and construction would require funding all at once. He described the markets for recyclable materials and explained how Kalix would still fill the niche for personal and commercial recycling. He also explained how facilities that sort recyclables are much too sophisticated and expensive to build in Minot. The amount of material required to run a facility would not be worthwhile to build and therefore a transfer facility is the best option.

Minot Recreation Commission – Municipal Auditorium

Scott Collins, Minot Auditorium/Recreation Director, spoke on behalf of the application requesting funds for improvements to the Municipal Auditorium. He explained, the flooring in the Main Arena was installed in 1992, is visibly worn out and is beyond its life expectancy. Twenty years of daily activities including sports, parties, the circus, and auctions have worn on the flooring. He said, the application also includes enough funding for testing of the materials to avoid the issues that took place on the Armory flooring.

The second part of the application requests an upgrade to the fluorescent lighting in the Auditorium. The company that provided the bulbs no longer manufactures that type and it costs \$100 each to transfer to the new bulb. The offices and courtroom in the building have been recently remodeled and it would be more efficient to switch to the same lighting. He added, if the project is not funded through community facilities funds, it will need to be paid for through general or tax funds.

Mr. Collins responded to questions by saying, the costs could be split to do flooring one year and lighting another year if necessary. These will be the last of the renovations to infrastructure for a number of years.

Minot State University

Dr. Steve Shirley, President of Minot State University, presented on behalf of the application for new spectator seating at MSU Dome. He thanked the Committee for their support and for funding previous projects. He said, Minot is fortunate to have a university which is such an important asset to western North Dakota. MSU Dome attracts tourists to the city and is one of only two facilities in the state, west of 29. He explained the need for new seating to replace the original seating that was installed in 1981. He said, the project cannot be funded with state dollars because it is an athletic facility. He described the events that take

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place at MSU Dome each year that are non-MSU events and emphasized how the facility fills a community need.

Rick Hedberg, Vice President for Advancement for MSU, said he has been responsible for handling state tournaments and described the positive economic impact it has on the community. He explained, the company that manufactured the original seats is no longer in business so damaged seats cannot be replaced. Rod Romine, of 905 Timberwood Ave SE, stated, the facility was originally designed, funded, and built for state tournaments rather than to be solely used by the University. In 1981, donations were collected through an "I bought a seat" button fundraiser to show support for the structure. He emphasized the need for MSU Dome to stay competitive with the Bismarck Event Center in order to attract tournaments and events.

Alderman Wolsky asked about any future needs for the facility, to which Dr. Shirley replied by saying, there will be a few upgrades later this fall but, with the exception of the seating, the infrastructure is in good shape.

The applicants responded to questions about funding by saying, they would definitely consider a partnership similar to their last request where the City split the cost share 50/50. The only issue Dr. Shirley mentioned, is that residents may be tapped out from their recent requests for funding.

Alderman Straight asked how Bismarck funded the Event Center, to which Mr. Hedberg replied by saying, they used a portion of their restaurant and alcohol tax that funds similar facilities.

Alderman Podrygula said, it is a worthwhile facility but he needs rationale to provide to the citizens who ask why the City would provide more funds to MSU. Dr. Shirley responded by saying, the University does a lot of fundraising for these facilities as well and does not just ask the City for money. He described how MSU Dome is a community facility that attracts tourism and replenishes the tax fund.

Rhonda Bugby, of 1117 7th St NW, came forward in opposition to the request. She said, any proceeds from this fund should go toward relieving property taxes. She said, she believes the people of Minot voted against funding some MSU projects in the past and she would hope the new Council would do the same.

Roosevelt Park Zoo/Minot Park District

Becky Dewitz, Director of the Roosevelt Park Zoo, presented the application requesting \$3 Million in improvements to the big cat exhibits. She gave a brief history of the Zoo and described the aging infrastructure on the property, which has survived two major floods. She listed some achievements of the Zoo, including the recent red panda project, the black footed ferret program, and the recent announcement they will be getting okapi this fall. She said, they meet the highest accreditation for modern zoological practices but the AZA pointed out their antiquated zoological habitats. She explained, they have a landscape architect and consultant to transform their real estate to create an enriching environment and to increase the amount of usable space by building upward far away from flood mitigation.

She described the impact the Zoo has on the community by saying, they attract about 90,000 patrons per year and are becoming a year round facility. They have many volunteer opportunities and have been voted the #1 favorite destination in Minot.

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She further explained the specific details of the project and stated, if the infrastructure is not address by 2019, they could lose their accreditation and risk losing 50% of their animals which are on loan.

Alderman Wolsky asked about the flood risk of the facility, to which Ms. Dewitz replied by saying, the infrastructure is designed to be floodable and would only require cleaning and sanitation after another flood event. It will be structurally sound and far enough away from danger.

Upon questioning by Alderman Podrygula regarding additional funding sources. Ms. Dewitz explained, the funds from the City would be an anchor gift to compel the fundraising campaign. Whatever is left will be applied for through loans. Alderman Podrygula asked about the Park District's involvement, to which Ron Merritt, the Parks Director, stated, the project is part of the Park District's \$9 Million master plan.

Souris Valley Animal Shelter

Randy MacDonald, Director of Souris Valley Animal Shelter, spoke on behalf of their application for \$900,000 to partially fund phase 1 of remodeling and expanding their facility. He explained how the animal shelter took on pets during the flood emergency and noticed flaws in the system. The renovations were developed with the help of Ackerman Estvold, to overcome such flaws. He described the additions they would like to make and some of the programs they plan to implement. He said, they are working with Domestic Violence Crisis Center to house animals at risk of abuse. They are working to benefit the community through the use of therapy dogs, reading to the animals program, a mental health therapy room, and the addition of a spay and neuter facility, for which ASPCA offered to furnish and fund a vet's salary. They also intend to rent out an area for a grooming and a doggy daycare facility for additional revenue to fund the facility.

He said there is a Memorandum of Understanding in Ward County's possession that will hopefully complete the partnership requirement. He explained, the partnership has always existed between the Shelter and the Emergency Management Department of Ward County but it has not been put into writing until recently.

Upon questioning by Alderman Podrygula as to whether or not the MOU is sufficient, the City Attorney stated, she has not reviewed the documents yet but it is up to the Council to make a decision.

YWCA Minot

No one appeared on behalf of the application from the YWCA.

Alderman Podrygula asked the City Attorney if the application would qualify under the freedom to provide to the poor, to which she responded by reading the Attorney General's opinion on the topic. She stated, "[s]imply asserting that a donation to a private entity is for the reasonable support of the poor is not a sufficient basis for which to make such a donation." She said, she does not believe it would qualify under that provision.

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Discussion

After listening to all of the proposals, the City Manager stated, this is a particularly difficult year and the fund has provided generous donations to many worthwhile projects in the past. However, there needs to be a balance between community desires and fiscal needs. He explained, the City is facing one of its most challenging fiscal times, with a 165% increase in debt over the last five years, a looming budget deficit of more than \$9 Million, a flood control project totaling \$350 Million over the next eight years, of which the City will need to pay \$112 Million. The City relies heavily on sales tax to cover a great deal of operational and capital expenses. When this fund was developed, it was during a period of record sales tax growth. Sales tax collections have gone down 33% since 2014 and the trend continues to decline. Every dollar distributed through this fund is a dollar the City will need to raise in some other way, in the form of a tax increase, a bond or some kind of rate or fee increase. He concluded by saying the decisions made will have a direct impact on the budget this year. He said, the fiscal situation as a City is not the same as it was when the fund was developed. He encouraged the Committee to look closely at the needs as a City and as a community.

John Bakkes, of 2400 Burdick Expressway East, requested the Committee be mindful of their obligation to uphold the public trust regarding the wishes of the citizens of Minot. He said the funds were set up for a specific purpose and he suggested the Committee maintain the intent of the original ordinance. He explained, his father was instrumental in creating the Community Development Fund and he hopes the Committee preserves the original intent of the fund. He suggested, if the committee decides to redirect these funds, they should do so going forward and not retroactively.

Alderman Jantzer moved the Committee reconvene in another meeting before voting on any of the applications. Motion seconded by Alderman Wolsky.

Alderman Jantzer said, staff may need to check on the status of the requirement for a partnership with a political subdivision on some applications, and there has already been three hours' worth of information so the Committee may want to reconvene after processing the information.

Alderman Straight said he would prefer to give the applicants an answer now, knowing the full Council will get a chance to approve the decision later.

Alderman Podrygula suggested the applicants research additional funding sources. He also said the City may want to explore a restaurant or lodging tax, similar to Bismarck. He feels limited with the funding available and would like more information on other funding.

Alderman Straight commented on the importance of a museum and the Zoo attracting tourism. The fund was developed to improve the community and while all of the projects are great opportunities, he prefers to uphold the intent of the community development fund.

Alderman Jantzer suggested the committee wait until the budget is available at the August City Council meeting in order to see the whole picture. He said he would prefer not to rush a decision and end up with the wrong result.

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Alderman Wolsky said he needs to process all the information before making a recommendation to Council. He said, there are other allocations under sales tax that could pay for City projects and also suggested the need for a new source of revenue.

Whereupon a vote was taken on the motion by Alderman Jantzer, seconded by Alderman Wolsky and carried by the following roll call vote: ayes: Olson, Jantzer, Podrygula, Wolsky nays: Straight

Chairman Olson apologized to the applicants in attendance and said another meeting would be scheduled soon.

There being no further business, Chairman Olson adjourned the Committee meeting at 1:08 p.m.

Respectfully submitted,
Kelly Matalka
City Clerk