

**HOUSING AND REDEVELOPMENT AUTHORITY
CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

The Housing and Redevelopment Authority conducted a regular meeting on Tuesday, March 15, 2011, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson David Jeffrey
 Commissioner Randy Backous
 Commissioner David Elvig
 Commissioner Colin McGlone
 Commissioner Bob Ramsey
 Commissioner Jason Tossey
 Commissioner Jeffrey Wise

Members Absent: None.

Also Present: Deputy City Administrator/HRA Exec Dir Heidi Nelson
 City Administrator Kurtis G. Ulrich
 Public Works Director Brian Olson
 Finance Director Diane Lund
 Development/Marketing Manager Aaron Backman
 Development Manager Darren Lazan

CALL TO ORDER

Chairperson Jeffrey called the regular meeting of the Housing and Redevelopment Authority to order at 7:32 p.m.

OPEN FORUM

Eric Zaetsch, 154th Lane NW, stated he had attended earlier meetings in the evening. He said he felt there is a disservice to the residents of Ramsey. He gave his opinion that money is being misspent in bad deals and decisions and priorities are wrong. Mr. Zaetsch felt the discussions thus far were centered on the needs of the City and not considering the needs of the residents.

APPROVAL OF MINUTES

Motion by Commissioner Ramsey, seconded by Commissioner Wise, to approve the following minutes:

Regular Meeting Minutes dated February 8, 2011
Special Meeting Minutes dated February 15, 2011



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erson Jeffrey, Commissioners Ramsey, Wise, Backous,
o: None. Absent: None.

APPROVAL OF AGENDA

Commissioner Elvig requested Item 4 be discussed prior to Item 3.

Motion by Commissioner Backous, seconded by Commissioner Wise, to approve the agenda as amended.

Motion carried. Voting Yes: Chairperson Jeffrey, Commissioners Backous, Wise, Elvig, McGlone, Ramsey, and Tossey. Voting No: None. Absent: None.

HRA BUSINESS

Case #1: Consider EDA Recommendation Regarding Retail Space in Flaherty and Collins Apartment Project

Deputy City Administrator Nelson reviewed the staff report.

Commissioner McGlone pointed out the \$144,000 as mentioned in the report which the City is liable for is not complete. This does not include CAM fees. He noted it is his position that the HRA and the EDA are overlapping in this project. He stated he voted against the subsidy for the project that is proposed across the street and had pled to let Flaherty be released from this obligation. The subsidy earmarked for the other restaurant puts the City in jeopardy of having to spend \$200,000 in backstopping a lease. He said there are other corners that the City can develop as it sees fit.

Commissioner Backous said he understood the terminology stated the amount the City would be liable for is up to \$144,000. He added that he understood this was for a retail development and not necessarily a restaurant.

Development Manager Lazan explained that \$144,000 is the straight monthly obligation. He agreed that the CAM fees need to be added.

Commissioner Wise indicated he originally thought it could be beneficial to let Flaherty out of the contract. He now decided apartments there would not work, and he felt it was a good location for retail. He noted the City would most likely find a lessee and could create some kind of subsidized lease if necessary.

Development Manager Lazan explained the original offer to Flaherty. He noted the worst-case scenario is if the City cannot lease the building, the City would pay for all three years.

Commissioner Elvig pointed out this body has already discussed this item and voted on it. Development/Marketing Manager Backman had requested it come back to the Council for final approval since there are new Commissioners on the EDA. He didn't think there would be

development, a destination is created, which is why Maple City.

Motion by Commissioner Ramsey, seconded by Commissioner Elvig to direct the DM Team with regard to the Flaherty and Collins agreements for the construction of 3,000 square feet of retail space and assistance in securing tenants for the space in anticipation of a Fall 2012 occupancy.

Motion carried. Voting Yes: Chairperson Jeffrey, Commissioners Ramsey, Elvig, Tossey, and Wise. Voting No: Commissioners Backous and McGlone. Absent: None.

Case #2: Review the “Get on Board” Campaign

Deputy City Administrator Nelson reviewed the staff report.

Commissioner Ramsey said he was concerned this is premature. He suggested waiting until after this legislative session to see what the funding looks like. He stated the City made its case well for State and Federal aid.

City Administrator Ulrich pointed out the City is spending money monthly to support the bus and bring ridership. The City may be able to capture fare money and incentives to ride the bus would help the Ramsey businesses.

Commissioner Elvig agreed and suggested the City go beyond its borders to get outlying riders.

Development Manager Lazan noted the campaign had a tremendous amount of energy in the beginning. Once the election was done, the campaign lost some momentum. He questioned if the City wants to revisit the campaign and build bus ridership.

Commissioner Ramsey questioned how full the busses are.

Public Works Director Olson replied they are 70 to 80 percent full.

The Commission discussed issues and strategies on earning bus passes and rebates. Deputy City Administrator Nelson offered to get these issues clarified.

Commissioner Elvig commented this is a regional transit issue.

Commissioner Ramsey noted the residents will most likely ride the bus until the train station is done.

Development Manager Lazan stated packages have been created in low, medium and high costs. There are options to consider.

Consensus was reached to consider packages and options for banners for the campaign.

(This item was discussed prior to Case #3.)

Finance Director Lund reviewed the TIF dollars.

Deputy City Administrator Nelson reviewed the HRA budget.

Deputy City Administrator Nelson reviewed the Staff report.

Development Manager Lazan stated the expenditures for the past year by Landform were discussed in the last two meetings. He noted there are three ways to pay the expenditures: the incentive portion, the visioning portion and the administrative portion. He explained that depending on the cut off date for accounting and reporting, by the end of the next week, there will be \$158,000 earned. There was \$100,000 advanced last year, and \$108,000 earned. Development Manager Lazan further explained \$423,000 was spent in professional services, and roughly \$50,000 in direct services.

Commissioner Wise pointed out Development Manager Lazan is not making this money as income. He has to pay expenses and employees and represents 1.8 full time employees.

Development Manager Lazan pointed out there is about 15 people putting in 3,300 hours in this project for Ramsey. A fair amount of what they have done is asset management. The City already owns the property and a lot of it had to be cleaned up as far as titles, etc. Much of this work was uncovered as the project progressed. He estimated they are half way through clearing titles and getting land ready for sale.

Commissioner Elvig mentioned he would like to track this kind of progress on a quarterly basis.

Commissioner McGlone explained that costs for projects are always higher in the beginning and he believes the costs will go down. Land is now saleable because it is recorded correctly with the County, whereas it wasn't before. He said he thinks the project is at the point where the costs will start to even out

Case #3: Consider Development Management Contract Revisions

(This item was discussed after Item #4)

Deputy City Administrator Nelson reviewed the staff report.

Development Manager Lazan reviewed the presentation. He noted a daycare facility is considering a purchase agreement and there is a draft LOI from a national developer for the West 50. A homebuilder is interested in two of the parcels and there is a number of building permit issues to work on with one of the parcels. Discussions continue with the YMCA. There is interest in a workforce component and in a tax credit application. He pointed out this is a lot of activity on a 118-acre site, especially considering the economy. The past year was spent

, and cleaning up title issues and it is paying off. The firm had to figure out where some of the businesses could go in order to sell to potential buyers. There are many infrastructure pieces. There has to be some kind of plan used as a starting point because it is difficult to know what kind of retail will happen. Placeholders for certain businesses have to be put in according to what the residents want in order to start somewhere. Development Manager Lazan reviewed the presentation he gave at the February 22 HRA meeting.

Chairperson Jeffrey asked Development Manager Lazan to review the dashboard in a quick overview.

Development Manager Lazan reviewed the dashboard, pointing out it is not up-to-date but will be before the next meeting. The dashboard gives an overview of the current projects and where revenues and expenses are coming from. He explained the factors used to create valuations.

Commissioner Tossey questioned why the dashboard hasn't been shown before.

Development Manager Lazan responded there are some components that have sensitive information. Also, interest hasn't been indicated to learn it on a detailed level.

Commissioner Ramsey stated it is like asking to see what is in a toolbox. There are tools that may not need to be seen; the numbers just need to be correct. Also, if one number is changed, it changes other components, so it is a work in progress all the time.

Commissioner Backous stated he would like to be able to monitor the progress and see a regular update on the dashboard. He said he did not think the information should be kept sensitive since it seems counterproductive to the need for the Council to be forthright.

City Administrator Ulrich explained the general belief is that the City should not share information on potential developers unless it involves a specific negotiation. Meetings cannot be closed to discuss a general issue. City Administrator Ulrich suggested making a dashboard available monthly that provides good data, but does not divulge private information. It should summarize to a certain extent that keeps confidential data intact. Then, if the HRA wants to go into more detail, it can contact Development Manager Lazan to do so.

Deputy City Administrator Nelson read the proposed language in the contract regarding the City's discretion to use other consultants to self-perform on projects where Landform does not provide services.

Chairperson Jeffrey gave his opinion that this disadvantages local Ramsey businesses. He said he did not like it in the contract. He suggested Landform can bid on the project, although it probably does have a competitive edge. It should not be in the contract because it creates a monopoly.

Commissioner Backous stated he understands the logic and said he is not in favor of bringing everything to a halt to get bids. He wants to get the development done as soon as possible.

ed this was a negotiated component under additional compensation. He said he has worked with 17 different consultants for projects thus far. To ask for bids at this point and have him give out the information he has gathered is counterproductive. He said the knowledge part of the project far outweighs finding consultants.

Commissioner Tossey stated it would not be cost effective to put every project out for bid. Development Manager Lazan has streamlined the use of consultants. He said he did share concerns, and especially concerns around the TIF District.

Discussion took place regarding the amount of spending that occurred in relation to getting projects done and land ready for sale. Also included in the discussion was the fact that the contract is not 100% incentive based and the resulting pros and cons.

Commissioner Backous said he appreciates the work Development Manager Lazan has done. He noted he wants to make sure the City is prioritizing the work appropriately.

Commissioner Elvig inquired if there is a way to reduce the administration spending, such as having the City's staff take on some of the duties.

City Administrator Ulrich clarified the State requires sealed bids on larger projects. The City can do smaller projects if internal staff is available. Bids do not have to be sought on professional services; only for construction services.

Public Works Director Olson stated he is pleased with Landform's work. He said he would prefer to have the right to self-perform and noted it is prohibitive and costly to go out RFPs.

Development Manager Lazan indicated he has passed on more work than he's gotten in the COR. Some projects require more expertise than they have and he is more than willing to let the staff self perform.

Deputy City Administrator Nelson questioned if language in the contract should be changed concerning the two-year contract. Currently, the contract reads that if a deal were to occur 12 months after termination of this contract, Landform would be entitled to incentive pay over those 12 months.

Development Manager Lazan said he is proposing a static number for compensation upon early termination. If something closes in the following year after his contract is terminated, he gets compensated. If his contract is terminated, he would give his list of contacts to the City and if something closes, he would still be compensated. He said he would propose between 3 and 6 months on the fixed fee, and between 12 and 18 months on the carryover fees. He offered to work with staff on those numbers. He pointed out the contract states it can be terminated without cause.

Commissioner Elvig commented sales persons are commonly paid a base pay and phase into base pay with a draw.

asked if Development Manager Lazan should be on that type of structure to earn more draw. He said he would propose a higher commission on the land sales as incentive and cut down administrative costs.

Development Manager Lazan explained that many hours were put in to get land ready for sale. If the contract were set up for a draw and no payment for the hours put in prior to the sale, there would not be any land sold. He said he didn't think the project was at the point to work on draw. As soon as some closings happen, the work is incentive-based.

Deputy City Administrator Nelson raised the point that tremendous hours have been spent trying to resolve issues of land in the COR. The \$15,000 paid per month is payment for a team, not just one person. If the City reduces the administrative fee, then the list of tasks should be considered and discussion of how to reduce expectations should be had.

Development Manager Lazan stated he does not think he could work with less administrative fees because that is the groundwork to get the project ready.

Commissioner Backous suggested renaming administrative fees to commission. The draw comes off the commission when it is realized. He said that the business Mr. Lazan is in dictates a lot of work has to be done up front.

Chairperson Jeffrey stated he is not in favor of the incentive compensation draw, nor the extra \$10,000 per month.

Commissioner Elvig stated he would like to see what happens on the closings and over the next few months.

Commissioner Backous stated he would like to have a contract for a few months and update after the proposed closings.

Chairperson Jeffrey suggested a 30 day termination clause if the closings don't happen.

Commissioner McGlone suggested a contract for 30 days out and one year out of commissions as opposed to five. He stated Landform has shown good work and good faith up to this point.


Commissioner Tossey stated he would not support a contract extension as it is currently written.

A majority consensus was reached that the hotlist will be eliminated; the carryover commissions will go one year.

COMMITTEE REPORTS

None.

EXECUTIVE DIRECTOR'S REPORT



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The Falls Restaurant is requesting a conditional building permit for temporary easement.

Commissioner Ramsey asked if the City can withhold the COO if the parking needs are not met.

City Administrator Ulrich explained there is no minimum parking requirement the way the code is written. There are options with Mr. Deal to provide parking.

Commissioner McGlone cautioned against working with Mr. Deal because of other issues.

City Administrator Ulrich noted the City Attorney is waiting a response from their attorney.

Commissioner McGlone suggested letting the attorneys work it out and the owner can come to the City for a building permit after issues are resolved.

Motion by Commissioner Ramsey, seconded by Commissioner Elvig, to present The Falls Restaurant with a conditional building permit for a temporary six-month easement.

Motion carried. Voting Yes: Chairperson Jeffrey, Commissioners Ramsey, Elvig, and Backous. Voting No: Commissioners McGlone, Tossey, and Wise. Absent: None.

Development Manager Lazan raised the issue of the where the new sign for The COR should be. The space that is planned has two runs of power above it that would be in the way. Connexus gave a quote to bury the wires for \$8,000. This would clean up the appearance of the area outside the parking lot.

Commissioner Wise suggested removing the sign on Armstrong Boulevard.

Consensus was reached to bury the lines for the erection of the sign in the proposed space outside the parking lot, and remove the sign from Armstrong Boulevard.

COMMISSIONER INPUT

Commissioner Ramsey requested Deputy City Administrator Nelson research the ability to televise the HRA meetings that are held after the City Council meetings.

ADJOURNMENT

Motion by Commissioner Wise, seconded by Commissioner Tossey, to close the regular meeting of the Housing and Redevelopment Authority.

Motion carried.

The regular meeting of the Housing and Redevelopment Authority adjourned at 11:12 p.m.



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Heidi Nelson
HRA Executive Director

ATTEST:

Jo Ann M. Thieling
City Clerk

Drafted by Chris Moksnes
TimeSaver Off Site Secretarial, Inc.