

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

The Housing and Redevelopment Authority conducted a regular meeting on Tuesday, June 28, 2011, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

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

Members Absent: None – HRA Member Vacancy

Also Present: City Administrator Kurtis G. Ulrich
 Deputy City Administrator Heidi A. Nelson
 Public Works Director Brian Olson
 City Engineer Tim Himmer
 Development Manager Darren Lazan
 City Attorney Bill Goodrich

CALL TO ORDER

Chairperson Elvig called the regular meeting of the Housing and Redevelopment Authority to order at 7:47 p.m.

CITIZEN INPUT

There was none.

APPROVAL OF AGENDA

Motion by Commissioner Wise, seconded by Commissioner Ramsey, to approve the agenda as submitted.

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

APPROVAL OF MINUTES

None.

HRA BUSINESS

Case #1: Review Options for Feasibility Study – Sunwood Drive Realignment

Development Manager Lazan reviewed the staff report.

Commissioner McGlone clarified we have development opportunities on the south side and should have opposite work on both sides with the new alignment for Armstrong Boulevard going over Highway 10, which would require moving Sunwood Drive.

Development Manager Lazan agreed, adding that Armstrong Boulevard has to be 30 feet above the rail but we can't get back to grade with how it is constructed today so this interchange has to move. He added that the City can only have one access at Highway 10 and Bunker Lake Boulevard so it wouldn't be left where it is today. Development Manager Lazan added five individuals have come forward for two to three positions in this area on the offer, but added they first need the Sunwood Drive relocation information, including a retail developer estimate for the remaining 30-50 acres. He stated the City needs to know the road location too.

Commissioner McGlone stated this will help define the project and get it back into private development.

Commissioner Ramsey inquired about the timeframe from start to final design for realignment of Sunwood Drive.

Development Manager Lazan said the feasibility study will be done this summer and be brought to the Board for consideration soon. He said they will need to prepare plans over the winter for a spring start, adding there could be variable approvals at the State level.

Councilmember Backous inquired about the sub consultants.

Development Manager Lazan said consultants were included in the traffic and roundabouts, but does not include WSB work.

Public Services Director Olson said the work does not include appendix references to the intersection capacity on signalized intersections, adding this traffic figure won't update all of those intersection.

Development Manager Lazan said he will verify but said not all are included in the 120 exhibits.

Public Services Director Olson stated his other concern is the intersection between Highway 10 and Bunker Lake Boulevard, stating that even if we could get down after the railroad tracks we wouldn't want a signal there because it would back up traffic over the tracks, creating a safety hazard.

Chairperson Elvig said this is a big change and that pushing forward with an overpass would be a good project but the lack of foresight may be as to capacity of the entire area and if we continue

to build at the original rate it would have been bad. He asked if there is anything else we should consider, such as the other side of Armstrong Boulevard.

Development Manager Lazan said staff anticipates going back through the Christian areas so we will quantify everything on the west side of Armstrong. He said they will review land use impacts compared to the previous studies to obtain practical information and recommendations.

Chairperson Elvig inquired about funding.

Development Manager Lazan said funding will be provided through TIF District #14 or the sale of property.

Chairperson Elvig asked if this is part of the MSA projects.

Public Services Director Olson said portions are, but the initial section of Sunwood Drive between Xylite and Bunker Lake Boulevard are done through MSA funds but haven't yet seen its useful life so the City can only use a portion.

Commissioner Backous inquired about the sub consultant's reimbursable expenses including mileage, plotting, printing, and billed reimbursables.

Development Manager Lazan stated standard language includes an identified sub consultant, adding traffic and roundabout are included at not to exceed \$3,516. He stated the intent is that the City hire the sub consultant and amend the language.

Commissioner Backous inquired about incidental fees.

Development Manager Lazan said they could modify the language to say all expenses be approved prior to expenditure.

Commissioner Tossey asked if this will include a feasibility study and if the #47 alignment problem will be discussed and included in this study.

Development Manager Lazan said this feasibility and design will contemplate different alignment options and impacts on acquisition before proceeding on project.

City Engineer Himmer explained that the Sunwood Drive realignment would bring forward any issues of storm water.

Development Manager Lazan said the City would have to identify those impacts before any proceedings, adding the temporary pond may have an impact too. He stated he hopes to conduct feasibility work and select a final design to bring forward for approval.

Chairperson Elvig asked if the extra ponding by Acapulco is included.

Development Manager Lazan said the pond expansion was just an idea as they open up sight lines. He said this will be a County and City project.

Public Services Director Olson said they have shown an expanded pond separate from Solomon Pond to capture the County right-of-way and are asking for direction on that portion.

Motion by Commissioner Ramsey, seconded by Commissioner McGlone, to update the components of the Alternative Urban Areawide Review (AUAR) necessary to complete the feasibility analysis of the Sunwood Drive realignment not to exceed amounts.

Further discussion: Public Services Director Olson said the AUAR does not include design work on Armstrong Boulevard, adding that estimate will be brought back soon.

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

Case #2: Consider Proposed Deal Structure – The Residence at The COR Project (Portions may be closed to the public)

Executive Director Nelson reviewed the staff report.

Chairperson Elvig inquired about financial ramifications.

HRA Executive Director Nelson said there have been no discussions with Flaherty and Collins with regard to an extension.

Chairperson Elvig expressed concern with authorizing moving forward on setting the value because it will result in taking the 85% as outlined.

HRA Executive Director Nelson said the Board is already in agreement with the 85% Tax Increment Financing (TIF) as outlined in the current purchase agreement approved in December, but added the number that “floats” is the assessed value by appraisal and assessed value by the County. She said staff is asking for flexibility in setting the TIF note once the final value is set.

Commissioner Backous asked why not set the value at the lower of the two.

HRA Executive Director Nelson said we could take that position but if the land is assessed at a value higher than the value of the note it is paid back more quickly and will be a benefit to the developer. She said as a financing component we'd be better off capturing the value longer to get as much cash flow through the project longer.

Chairperson Elvig said the added value adds to the project overall.

Commissioner McGlone noted that without the building there would be no TIF or The COR.

City Administrator Ulrich said the value of the TIF at 85% is based on the building value of the entire project and will be part of the entire incentive package to project.

Development Manager Lazan said 85% was made to make the deal and now we'd like to get the actual numbers and apply the final figure.

Commissioner McGlone said this is a subsidy and not a loan, which is a big difference.

Chairperson Elvig said the TIF portion is a subsidy after the financing is paid back.

Development Manager Lazan stated that "but/for" the project TIF money the project wouldn't be there, so this is in fact a note paid to the developer for cash they receive over a period of the TIF note.

Commissioner Tossey said this is clearly a banking function and noted Ramsey is a city. He said the City was asked to hold off on a \$2.8 million subsidy.

Commissioner Backous asked about the downside to encumbering those TIF dollars and what's the risk if we use the TIF dollars.

HRA Executive Director Nelson said the legislature allowed a funding stream to give incentives for development, "but/for" would the development have occurred naturally is unsure. She said they created the district as a tool to create development, which benefits the City because we capture the base value. She said that being set up as 85% while we keep the 15% for other uses wouldn't be used "but/for" the rail station and interchange.

Commissioner Ramsey said that when the City went to the legislature for the TIF District we submitted a plan of \$8 million for incentives to give away to developers. He said we have to meet this criteria, although it does not have to be in one project. He said to date there is still \$6 million available.

Commissioner McGlone said when testifying at the legislature for TIF they discussed the purpose, which was to create construction jobs. He said whether we agree or not that is the main point and this is a proper use of the money.

Commissioner Backous said he wants construction jobs too but added it's the level of each project that dismisses the ability to use TIF in other places. He said this is a pay-as-you-go option and we don't pay until we receive.

Commissioner Tossey said he is concerned about placing \$8 million into one project, as he would like to develop other items in The COR such as an overpass. He said our ability to bond out different infrastructure is in TIF District 14. Commissioner Tossey added that even if that's what was intended for the district it doesn't make it right because private development should pay.

Chairperson Elvig summarized that staff would like direction on the agreement to move forward with the bank and developer in a pay-as-we go plan of 85% or \$2 million, adding if the project is valued at more, staff wants to allow the \$2 million plus factor.

Motion by Chairperson Elvig, seconded by Commissioner Wise, to authorize staff to create an agreement to move forward with the bank allowing for the 85% TIF value or a \$2 million plus factor.

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

HRA Executive Director Nelson stated that Flaherty and Collins representatives are available to meet with the Board and staff either July 7 or July 11, but added that Ehlers and Associates representative Stacy Kvilvang, who has assisted with the financing structure, will be out of town during this timeframe.

Consensus was to hold an HRA worksession on July 7, 2011, at 5:30 p.m. in the Lake Itasca Room, and that Ehlers and Associates will provide either an alternate staff person or memo outlining financing options for consideration.

COMMITTEE REPORTS

None.

EXECUTIVE DIRECTOR'S REPORT

HRA Executive Director Nelson stated that staff efforts have been focused on the preceding cases. She added that staff had met earlier with Cronk regarding potential residential developers as well as been preparing for booths at the upcoming Game Fair and other events at The COR. She said the EDA has contributed funds to this effort as well as the HRA, and that the newsletter outlines this and other events at The Draw such as the Farmers Market beginning July 14, as well as Thursday evening entertainment events.

COMMISSIONER INPUT

Commissioner Tossey inquired about how the current Sunwood Drive alignment matched what was anticipated.

Public Works Director Olson explained the alignment was going to be an at-grade crossing similar to Ramsey and Sunfish Boulevards, with double left turn lanes south and east bound. He said the only other example of intersection planning was at Ramsey Boulevard and the additional right-of-way that was platted, and that even though we didn't know the footprint we knew we didn't want to impact additional land.

Chairperson Elvig said they anticipated enough land at Ramsey Boulevard with Highway 10 not moving, but the addition of big box retail was not programmed and large volumes of traffic weren't anticipated coming over the tracks, resulting in the need for more stacking.

Commissioner McGlone said when they looked at improving Armstrong Boulevard it was decided to keep the money for that intersection for use towards the bridge project.

Public Works Director Olson said the at-grade crossing was going to cost \$5.5 million and it made sense to put that much money towards a better improvement.

ADJOURNMENT

Motion by Commissioner McGlone, 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 8:48 p.m.

Respectfully submitted,

Heidi Nelson
HRA Executive Director

ATTEST:

Jo Ann M. Thieling
City Clerk

Drafted by Cathy Sorensen
TimeSaver Off Site Secretarial, Inc.