

**CITY COUNCIL WORK SESSION
CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

The Ramsey City Council conducted a City Council Work Session on Tuesday, January 10, 2012, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Mayor Bob Ramsey
Councilmember Randy Backous
Councilmember David Elvig
Councilmember Colin McGlone
Councilmember Sarah Strommen
Councilmember Jason Tossey
Councilmember Jeffrey Wise

Also Present: City Administrator Kurtis Ulrich
Deputy City Administrator Heidi A. Nelson
Public Works Director Brian Olson
City Engineer Tim Himmer
Police Chief James Way
Senior Planner Tim Gladhill
Fire Chief Dean Kapler
Planning Intern Patrick Brama
Economic Development/Marketing Manager Aaron Backman
Human Resources Representative Colleen Lasher
Fire Marshal Matt Kohner
IT Manager Dean Busch
Finance Officer Diana Lund
Development Manager Darren Lazan
Acting Building Official Lee Gladitsch
City Attorney William Goodrich

CALL TO ORDER

Mayor Ramsey called the City Council Work Session to order at 5:28 p.m.

APPROVE AGENDA

City Administrator Ulrich advised that Item 2 had been removed at the request of the developer.

The agenda was approved as revised.

TOPICS FOR DISCUSSION

1) Discuss Potential Improvements to Garnet Street NW, located within NOW AND THEN ESTATES

City Engineer Himmer reviewed the staff report and advised that eight of the 13 residents contacted said they preferred the City patch the road and wait for the new road financing system.

Mayor Ramsey noted eight residents would be a majority to stop a project so there was no need to advance the project at this point.

Councilmember Wise concurred and stated until a policy is in place for road maintenance, he believed any reconstruction can be delayed because other residents will feel the same. He asked whether this will cause problems with overlay projects.

City Engineer Himmer explained there had been no sealcoats or overlays so the residents felt the City had not properly maintained this road and should correct that situation. He stated he had pointed out to the residents that they were also not assessed for such projects. City Engineer Himmer advised that because the road has deteriorated to the point of needing reconstruction, it would not make financial sense to consider an overlay and he would not recommend installation of a utility pipe without road reconstruction.

Gary Smith, 16821 Garnet Street NW, stated Nowthen was developed on 2.5-acre lots so it makes no sense to extend utilities. He explained his septic system is in the rear yard so connecting to the street would cost \$20,000 to \$30,000 plus connection fees. He lives next to the Brookfield Addition and asked what happens with density transitioning when people want to subdivide their 2.5-acre lot. Mr. Smith agreed that some storm sewer improvements are needed but if the City wants sanitary sewer, water, and sidewalks installed, the City should pay for it. He noted that in 30-40 years a developer may buy the whole area and redevelop. At that point, sewer and water could be installed.

Councilmember Backous agreed with Councilmember Wise that this problem will come up repeatedly because residents are aware there is a looming solution to fund road projects. However, he didn't think projects should be pushed off because it will be more expensive over time to make the repairs and the City may be unable to handle a large accumulation of projects. He supported reconstructing the road and when the Council approves a financing plan, the benefiting properties would then be in the same position as anyone else. Councilmember Backous supported developing a transition plan.

Councilmember McGlone asked if residents can petition against the entire project, if utilities are installed, when residents are only being asked to pay for the paving.

City Attorney Goodrich stated residents would petition against the amount they would be assessed.

City Engineer Himmer explained that curb and gutter, sidewalks, and erosion control are part of the road and resident's 50% contribution.

Councilmember McGlone stated Garnet Street was discussed by the Public Works Committee and it was indicated there were issues with subsoils. He stated he would not support spending City funds on a “Band Aid” solution even if residents are willing to pay for the pavement.

Mr. Smith stated he is not talking about a “Band Aid” solution but saying he does not want the extra amenities, like the sidewalk. He pointed out this is a rural area and residents don’t want to tie into the Brookfield Addition. Mr. Smith stated he already has a trail behind his property and does not want a sidewalk in the front. He stated he is willing to pay for the road portion of the project but it does not make financial sense to support City sewer when he can replace the septic system for \$10,000.

Mayor Ramsey explained if the City reconstructed the road and included the sewer and water pipe, there would be no assessment for the utilities unless the resident connected so it would not impact the homeowner at this time.

City Attorney Goodrich confirmed that was correct and advised the City Charter says the City may not levy an assessment with sewer or water against a property whose owner elects to remain on a private sewer or water system.

Councilmember Wise questioned the wisdom of installing the utility pipe if no residents were requesting municipal utilities. He asked if there is developable land this utility pipe would serve.

City Engineer Himmer explained the sanitary sewer is currently at the northern limits of this neighborhood and down 167th Avenue at the south end so this neighborhood is an “island to themselves” without sewer or water service. If installed as part of the Garnet Street project, the sewer and water would only serve this neighborhood. City Engineer Himmer explained that if the City was going to excavate to ten feet to correct subsoils, it only made sense to install the utility pipes at the same time.

Councilmember Wise noted a septic reclamation process is now available so the property no longer needs three septic sites. He asked if the installation of utilities could cause a future problem with density transition as suggested by Mr. Smith.

Mayor Ramsey stated he was interested in moving forward but a majority of residents have indicated they do not support the project so it does not make sense to do more than patch potholes until the Council decides how to fund street projects.

Councilmember Strommen supported the suggestion of Councilmember Backous to address a transition plan between now and when policy is in place.

The consensus of the Council was to discuss a transition plan at a future Work Session.

2) Review Development Proposal from Podawiltz Development for Town Center Gardens 3rd Addition

This item was removed at the request of the developer.

3) Proposed Lease Agreement for 6745 Highway 10 by Independent Auto Service

Economic Development/Marketing Manager Backman reviewed the staff report and staff's recommendation that the Council consider approving the proposed six-year lease with Independent Auto Service.

Councilmember McGlone stated he spoke to other businesses along Highway 10 who were not pleased with this lease because they have mortgages and taxes to pay. He stated he is concerned about considering like businesses at a lower cost and asked if the leasehold improvements would be owned by the City.

Mr. Backman indicated Mr. Berg would be installing the leasehold improvements but the improvements would be the property of Mr. Berg and could be removed.

Councilmember McGlone pointed out the improvements would then not be called "leasehold improvements."

Councilmember Elvig asked Mr. Berg whether he can use the entire space.

Allen Berg, 7470 - 152nd Lane NW, Ramsey, indicated the first two bays are not usable because of the open pits and are a liability at this point. The next three bays do not have electrical outlets or wiring so that will have to be installed. The door remains but the air has also been removed.

Councilmember Elvig stated he understands this is more space than Mr. Berg is interested in but there is no option to split it up.

Mr. Berg confirmed that to be the case.

Councilmember Elvig stated he appreciates that the proposal had to be creative to address the space and tenant's needs.

Mayor Ramsey asked what this space should rent for.

Mr. Backman explained the market has changed from five years ago. As a point of comparison, the rent for RM Golf Carts was at \$5.80/sq. ft. and this proposal is for \$5.45/sq. ft. He stated this could be looked at as an incubator opportunity along Highway 10 for smaller businesses in Ramsey to expand. That was the case for RM Golf Carts and in this case Mr. Berg would be expanding from 1,000 sq. ft. to 5,900 sq. ft., hence the stepped up rent rates. Mr. Backman pointed out there are also restrictions on what the City can do with RALF dollars and properties.

Councilmember Elvig asked whether this use will create new jobs.

Mr. Berg stated he plans to immediately hire two employees and hopes to add an additional employee by June or July.

Councilmember Strommen stated she preferred a lease arrangement on Highway 10, a gateway into Ramsey, and someone occupying space to having the building vacant. She noted this is a good opportunity for a Ramsey business to grow and create jobs; hopefully, growing to the point of needing a larger building. Councilmember Strommen stated she supports the proposed lease arrangement.

Councilmember Backous stated he also likes that the City can offer the ability for a Ramsey business to stay and grow. He stated that while he appreciates Councilmember McGlone's point, the City wants to attract and keep business and grow its tax base. Councilmember Backous asked about the "out" terms of the six-month lease.

Economic Development/Marketing Director Backman indicated there was a 60 day out.

City Attorney Goodrich added there was a one-year out with the Highway 10 improvement and the lease can renew after a six-year period.

Mayor Ramsey stated he also agreed with the benefit of keeping the buildings occupied but the Council needs to be cognizant of the type of environment being created with current business owners. He noted the proposed lease numbers are not that far off and asked about the rate charged to Car Quest.

Economic Development/Marketing Director Backman indicated the final year rate for Midwest Car was \$9.60/sq. ft. and had been negotiated in 1997. Midwest Car left the beginning of November when its term ended and they removed their personal property.

Councilmember Wise pointed out that electric wiring is a leasehold improvement.

City Administrator Ulrich explained that during the walk-through, the electricity was functioning and the plumbing, heating, and pneumatic systems were in place. Staff does not know when the conduit was taken, which could have occurred when the car wash left.

Councilmember Elvig stated he is involved in negotiating a lease for another firm, and plumbed, heated, and electrically served shop space is going for \$2.50 sq. ft. to \$4.00 sq. ft.

The consensus of the Council was to support the proposed lease agreement for 6745 Highway 10 by Independent Auto Service and to not require the hoist/lift to remain but electric wires pulled through the conduit will remain as a leasehold improvement.

4) Review Council Organizational Resolution

City Administrator Ulrich reviewed Mayor Ramsey's recommended Committee appointments for 2012.

Councilmember Backous asked why he was removed from the Public Works and Finance Committees. He stated he was more than willing to serve on those Committees and felt he had a lot to offer based on his 20-year background in personnel and finance.

Councilmember Strommen stated she had been appointed mid-term and filled Committee slots where open at the time, resulting in limited Committee assignments. She asked Mayor Ramsey about his rationale for making the appointments, noting the same members were serving on a majority of the Committees.

Mayor Ramsey explained that the Personnel and Finance Committees are scheduled concurrently so he has not been able to serve, except as an alternate. He wants to serve on the Finance Committee and chose to change up the Public Works Committee. Mayor Ramsey noted the appointments can be changed if 4/5ths of the membership supports it. He asked Councilmember Strommen whether she was seeking additional appointments.

Councilmember Strommen stated she feels Committee assignments were not diverse, noting she and Councilmember Backous have limited assignments. Because both come from the same area of Ramsey, she does not want Ward 4 to be under represented.

Mayor Ramsey noted Councilmembers Backous and Strommen are on a lot of Boards but the Finance and Personnel Committee assignments have to be split amongst members because the meetings run concurrently.

Councilmember Elvig stated he would support appointing Councilmember Backous to the Finance and Personnel Committees based on his industry knowledge, which would be a benefit.

Mayor Ramsey felt all members could claim the same strengths.

Councilmember Elvig noted that Councilmember Strommen has background with environmental issues.

Councilmember Strommen stated appointment to the Environmental Policy Board would be okay.

Councilmember Backous pointed out he has been removed from all three major Committees (Personnel, Finance, and Public Works) and he is Ramsey's at-large Councilmember.

Mayor Ramsey indicated he had not looked at appointments in that way.

Councilmember Strommen asked why several members would be serving on two of the major Committees and other members had no assignment to a major Committee.

Mayor Ramsey stated he would appoint Councilmember Backous to the Public Works Committee and make Councilmember Wise the alternate.

Councilmember Tossey stated he was fine with his appointments.

Councilmember Backous asked Councilmember Strommen if she would like to serve on the LRRWMO because of her expertise.

Councilmember Strommen stated she would accept that appointment.

5) Review Building Code Options for Fire Suppression

Senior Planner Gladhill and Acting Building Official Gladitsch reviewed the staff report.

Mayor Ramsey asked whether the Northern Lights building would have required sprinkling without Chapter 1306.

Acting Building Official Gladitsch answered in the affirmative.

Mayor Ramsey what about storage buildings.

Acting Building Official Gladitsch explained storage buildings would require some setbacks to other buildings or there may be firewall design changes but there would be some opportunities for flexibility.

Senior Planner Gladhill noted the requirement for sprinkling will depend on the design, occupant load, and square footage, but there would be some opportunities without Chapter 1306.

Mayor Ramsey noted Mr. Sharp probably didn't know there were other options.

Councilmember McGlone stated he would favor removing Chapter 1306 to give business owners and the Council the greatest amount of flexibility for the future. He noted an estimate from a contractor was one-fourth to one-third the cost of a sprinkling system and coming from a construction background, he would ask, "How tall of a wall?"

Acting Building Official Gladitsch agreed and explained that is why the contractor didn't want to provide an answer.

Councilmember McGlone noted the Council had issued an Interim Use Permit for Hope Fellowship and he would not support the Council doing the same to circumvent the sprinkling requirement.

Councilmember Elvig stated he also supports removing Chapter 1306 to create as much flexibility as possible. He asked what the City would lose by removing it.

Senior Planner Gladhill explained that in looking at the Code, there are so many different scenarios that it would take hours to address. He noted the ISO insurance rating may be impacted on the tenant side and providing fire suppression could result in insurance credits.

Councilmember Elvig asked whether staff sees a problem in dropping Chapter 1306.

Deputy City Administrator Nelson explained there are life safety issues to bring into consideration because having sprinklers reduces the loss of life and structures. She noted it is a

delicate balance with economic development/cost of construction versus safety. Chapter 1306 had been a hard fought battle when it was put into place but as economic pressures have come to bear, other communities have considered whether it should remain. Deputy City Administrator Nelson agreed fire suppression adds cost to a project but it also adds life safety benefits. The Council needs to decide from a policy perspective if it is willing to drop Chapter 1306. She noted that requirements in the Building Code for fire suppression kick in anyway but there are some cases where fire suppression would not be required without Chapter 1306.

Fire Chief Kapler explained that since the City implemented Chapter 1306 in 2004, the Building Code has lowered the square footage threshold for fire suppression to 9,250, so some of the benefit pursued in 2004 has been gained from the Building Code revision four years later.

Councilmember Strommen stated she would not want to make this determination without input from the Fire Chief and Fire Marshal. She explained she served on the Council with Councilmember Elvig when the City instituted Chapter 1306 and it was a difficult decision with a lot of the discussion around townhomes. Councilmember Strommen stated she does not want to take the Council's responsibility for health and safety lightly and felt it would be good to revisit why Chapter 1306 had been implemented and determine whether those factors remain true today.

Councilmember Backous pointed out the City would not be telling a property owner to not sprinkle their building but repealing Chapter 1306 would provide flexibility. He confirmed the building owner would receive an insurance discount if it had fire suppression. Councilmember Backous stated he would prefer to leave the choice up to the building owner.

Councilmember Wise agreed the push for Chapter 1306 was with multifamily units and the Building Code has self-corrected relating to when to require sprinklers. He pointed out that during the past three years the Council has not talked about multifamily units but has talked about industrial buildings that have been impeded by Chapter 1306. Councilmember Wise stated he would prefer to drop Chapter 1306 to gain more flexibility.

Councilmember McGlone reported the outcome that Hope Fellowship signed a longer lease so the landlord will pay for fire suppression.

It was the consensus of the Council to remove Chapter 1306.

6) Discuss Mayor's Recommendations for Desirable Changes and Improvements Pursuant to City Charter 2.6.2

Mayor Ramsey stated he has spent three years studying City operations in addition to two years prior to election. He presented his recommendation to eliminate the Deputy City Administrator position, terminate the contract with the current City Administrator or accept his resignation, and appoint the current Deputy City Administrator as City Administrator with a six-month probationary period.

Councilmember Strommen asked if there is more information, such as contents of the study or rationale.

Mayor Ramsey stated there will be a \$1.5 million budget deficit next year so the Council needs to cut costs and staffing is 72% of the budget. It is his opinion, based on what he has observed that the City can function without a Deputy City Administrator. Mayor Ramsey indicated he had more recommendations last year but got “beat up” because he didn’t tell everyone before the meeting. Because of that, he decided to take it one step at a time. Mayor Ramsey stated he believed cutting that amount of salary will allow the City to hire a lower paid staff position to handle administrative tasks and help the City Administrator. Mayor Ramsey stated he believes the Public Works Director and City Engineer should be the same position. If action is taken on his recommendation tonight, he hoped the City Administrator would continue to evaluate operations and point out pitfalls. Mayor Ramsey stated the City may need more workers but not at the top with high salary and benefits.

Councilmember Strommen asked the Mayor whether he has a target to reach with budget cuts.

Mayor Ramsey stated he has a dollar target, not an employee number target. He would like a cut of \$500,000 in salaries and noted the City Administrator salary is \$128,000 plus benefits, or \$170,000 to \$175,000. Mayor Ramsey stated the City will realize a savings after the 6-month severance.

Councilmember Strommen asked what will be the net gain once an Assistant to the Administrator is hired.

Mayor Ramsey stated he also supports cutting either the Public Works Director or City Engineer, which would save an additional \$150,000. He explained that making these cuts at the beginning of the year will result in a savings for the remaining six months, which will be of great benefit since the Council never looks at budget cuts until the end of the year resulting in no benefit because the dollars have already been spent.

Councilmember Strommen stated support to follow a process that is logical. She stated the Council has received no information on the Mayor’s study, just a recommendation. She suggested first identifying the budget gap and determining how to solve that issue as part of the budget process. Councilmember Strommen stated the Council should look at job descriptions, overlaps, opportunities, and downsides. She explained that since the agenda packet contained no information on or about the thought process, it seems to be a piecemeal approach.

Mayor Ramsey agreed it is piecemeal but there would be savings throughout the year if the Council takes action now instead of at the end of the year.

Councilmember Tossey agreed with the desire to reduce \$500,000 from current operating costs; however, the City Administrator sent out a proposal as well that suggests elimination of two positions and staff reassignments that would result in a savings. In addition, there will be about \$100,000 in savings with the Building Official’s position being open minus costs to Inspectron of \$50,000. Councilmember Tossey stated his support for cuts in other levies, not just the

General Levy, but also the HRA levy, which may reach the Mayor's goal of \$500,000. He noted there are also TIF Districts coming off line that will increase revenue. Councilmember Tossey stated he thinks the Council can reach the Mayor's budget reduction goal and is willing to debate the Mayor's other recommendations.

Councilmember Backous asked what had changed in the last five weeks since the City adopted the budget.

Mayor Ramsey stated the Council has solved the budget for 2012 and he was looking at the following year's budget.

Councilmember Backous stated while the City could save a lot of money by firing staff, it still has to do business. He found nothing wrong with bringing up the need to address budget shortfalls and didn't disagree the Council should study job descriptions and cuts, but it has to assure it does not "cripple" the City. Councilmember Backous agreed with the suggestion of Councilmember Tossey to also look at the HRA levy. He supported taking the time to study the Mayor's recommendation and all proposals, including the termination of the Landform contract and backfilling with staff. An option would be to use Landform on a per project basis instead of paying \$15,000 per month.

Councilmember McGlone pointed out the Mayor had intended to bring forward his recommendations five weeks ago.

Mayor Ramsey confirmed that was the case but he realized the error of his ways that it could not be pushed without staff support.

Councilmember McGlone noted the Landform contract ends in March.

Councilmember Elvig stated the issue is process and going through a relevant study that also looks at impact to services. He agreed with Councilmember Tossey to also look at funds coming on board and indicated he would like to see a performa sheet.

Councilmember Tossey stated he wants to see administrative cuts and thinks some positions should not have been filled in the first place because the demand for those services was not present. He supported discussing the City Administrator's proposal regarding accountability issues within the Public Works Department through a Customer Request Management system. Councilmember Tossey stated this type of system is a good idea to allow feedback from citizens and the ability to issue a trouble ticket and check the progress being made. He indicated that if the Council was not supportive of the City Administrator's proposal, he was inclined to support the Mayor's recommendation.

Councilmember Backous agreed with the need to study any and all proposals but that information needs to be on the table. He agreed the Council should have studied the jobs a long time ago but it cannot just be assumed that the position is not needed. The Council needs to know what it is doing and maybe an overlap is intentional.

Mayor Ramsey stated he has been on the Council for three years and studied City operations prior to being elected, which is long enough for him. He stated he has been trying to get information for three years or more and asked if the Council had to hire someone to tell the Council what staff is doing.

Councilmember Backous stated he needed to gather information himself and assure a careful and responsible decision is made.

Councilmember Strommen agreed the Council needed to start the process earlier than the end of the year but consideration needs to start at the beginning. She noted the Council received a third proposal this afternoon, which she had no time to review. Councilmember Strommen stated she was not prepared to discuss it tonight and there needs to be time for review and to follow a process. She noted the City has strategic priorities and asked what positions are needed to fulfill services. She also asked where the redundancies that can be targeted are, what the gap is, what the revenues are, and what the options are to meet the gap. Councilmember Strommen felt none of the proposals answered those questions. She stated she is not afraid of that debate and she can't support a proposal that she has not looked at or the Council debated.

Mayor Ramsey asked the Council whether the City needs a Deputy City Administrator.

Councilmember Strommen indicated that may be a valid question but in the past few years the Deputy City Administrator position has already been collapsed with the position of HRA Executive Director, Community Development Director, and oversight of Human Resources. She noted the Council needs to identify when it has reached the goal.

Mayor Ramsey stated the goal will be reached when the Council can lower taxes so residents can pay for food and keep their houses. He noted the Council has previously made staff cuts but not sacrificed services.

Councilmember Backous stated there had been impacts, as discussed with Case 1 tonight and the inability of Public Works to keep with road repairs. He agreed with the need to cut taxes and lower the levy.

Councilmember McGlone stated he has been on the Council for three years and spent two years studying City operations before being elected. He indicated he was never happy with it up to today. Councilmember McGlone felt businesses and everyone else were still cutting and that none on the Council would argue the City needs two administrators. He felt it comes down to how things are evaluated; he has been evaluating for a long time, doesn't need more talk, and wants to do something today.

City Administrator Ulrich agreed that if budget cuts are made, it should be done early in terms of staff cuts for the reasons mentioned. He provided a brief presentation and addressed the Council's belief the City is over staffed. He then reviewed the significant changes made to the Deputy City Administrator's job in 2011 and proposed the title be changed to Community Development Director/HRA Executive Director, with no salary change. This position would serve as Acting City Administrator in the absence of the City Administrator. The duties will be

more focused by reassigning Human Resources and General Administrative Service functions to the City Administrator. This position will also be responsible for managing two significant service contracts - the COR Development Manager and the Building Official/Inspection Contractor.

City Administrator Ulrich recommended the elimination of the Economic Development/Marketing Manager, the most recent position, to reduce the number of management positions and decrease overall staff costs of \$98,396 for salary and benefits. The retention of the Development Manager consultant contract will ensure that significant City resources will continue to be devoted to this function. City Administrator Ulrich recommended enhancing Public Works quality control, customer service, and citizen responsiveness through staff training and implementation of a Customer Request Management system, performance measurement system, job quality review, and direct City Administrator involvement.

Councilmember Strommen asked where the issue of a Customer Request Management system came from.

Mayor Ramsey, Councilmembers McGlone, Tossey and Wise indicated they had raised the option due to many issues.

Councilmember McGlone stated residents make requests and feel like staff does not respond.

City Administrator Ulrich explained the system would provide accountability, information, and the ability for the customer/citizen to look it up. It will make the City more effective and accountable though not directly related to a budget issue.

Mayor Ramsey stated he had not generated this proposal.

Public Works Director Olson stated he wholeheartedly supports having a Customer Request Management system.

City Administrator Ulrich stated the system can measure responsiveness and give citizens an idea of what they are getting for their taxes. He displayed the current staff organizational chart and described the Deputy City Administrator's responsibility for five functional areas. He also displayed the staff organizational chart, noting how it would be shifted under his recommendation.

Mayor Ramsey stated he does not care what other cities do for staffing levels, noting otherwise Ramsey would still be printing 500-page agendas.

FUTURE TOPICS FOR DISCUSSION

Noted.

MAYOR, COUNCIL AND STAFF INPUT

None

ADJOURNMENT

Motion by Councilmember McGlone, seconded by Councilmember Wise, to adjourn the Work Session meeting.

Motion carried. Voting Yes: Mayor Ramsey, Councilmembers McGlone, Wise, Backous, Elvig, Strommen, and Tossey. Voting No: None.

The Work Session of the City Council was adjourned at 6:59 p.m.

Respectfully submitted,

Kurtis G. Ulrich
City Administrator

ATTEST:

Jo Ann M. Thieling
City Clerk

Drafted by Carla Wirth
TimeSaver Off Site Secretarial, Inc.