

**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 24, 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
Economic Development/Marketing Director Aaron Backman
Senior Planner Tim Gladhill
Planning Intern Patrick Brama
Development Manager Darren Lazan

CALL TO ORDER

Mayor Ramsey called the City Council Work Session to order at 5:30 p.m.

TOPICS FOR DISCUSSION

1) Work Session Schedule January / February

City Administrator Ulrich noted the Council had previously discussed canceling the February 7, 2012, Work Session and rescheduling it to February 6, 2012, starting at 6 p.m. The next Work Session will then be February 14, 2012.

The consensus of the City Council was to cancel the February 7, 2012 Work Session due to conflict with the Precinct Caucus and schedule Work Sessions on February 6 and 14, 2012.

2) Consider Implementation of Long-Term Road Maintenance Policy

Public Works Director Olson reviewed the staff report and Paser Manual.

Councilmember Wise noted Andrie Street should be reconstructed.

Public Works Director Olson explained that Andrie Street was originally proposed as an overlay in 2005. However, the neighborhood requested postponement for a year and then requested a total reconstruct with curb and gutter.

Councilmember Wise noted his road was built in 1991 and overlaid several years ago but 163rd Avenue, north of Central Park, was never overlaid.

Public Works Director Olson explained the decision on road projects is based on the pavement rating and available funding.

Councilmember Elvig asked whether staff considers the number of people for road services, noting west of Highway 47 there are few people but a wonderful area for development so those property owners may want to extend the road.

Public Works Director Olson answered that anticipated development is taken into consideration and is part of the equation. He extended his appreciation to Civil Engineer Linton for his work to input data into the Pacer rating software because it will help staff determine year-to-year programming. Public Works Director Olson noted a reconstruction program does encourage redevelopment and property improvement. He reviewed the pros and cons of having a road maintenance program, noting 73% of surveyed residents felt the City should develop a new policy to address aging roads and 11% felt strongly. Public Works Director Olson presented details of the three options to fund roadway improvements: do nothing; increase property taxes; or, charge all utility customers a consistent monthly franchise fee. It had been staff's conservative estimate that reconstruction efforts would cost \$3.3-\$3.4 million. The Council directed staff to tighten the numbers in an effort to reduce the franchise fee. He explained staff analyzed using a franchise fee of \$14/month/utility customer, which would generate \$1.53 million or one-half of the total combined projects of maintenance and reconstruction. He reviewed construction costs and explained that 100% financing for three activities is \$3.06 million. Public Works Director Olson acknowledged this is a difficult issue and suggested the Council also talk about the construction standards, whether to include curb and gutter, and potential savings to change from a 9-ton design and not include sidewalks.

Public Works Director Olson stated the direction given tonight is critical. He indicated that combining sealcoat and overlays with reconstruction activities and assessing for 50% of the reconstruction activities would fully fund the argument about what to do with aging infrastructure, as well as decrease the demand for reconstruction. It would also allow the City to eliminate the procedure for assessing sealcoats and overlays. He indicated there are just over 16 miles of roadways that are in bad shape.

Mayor Ramsey asked whether \$7 of the franchise fee would go towards maintenance and \$7 towards reconstruction.

Public Works Director Olson stated the City could also use funding from 2012 for maintenance work to address worse roads in 2013, noting the practice to tailor funding to do the worst roads would not change. He noted since there is not a project that would be able to move forward in 2012 without an assessment, the City may want to keep roads as well maintained as possible and

wait for residents to come forward. Then the City can move forward with reconstruction projects as funding becomes available or petitioned by residents. He noted the residents may object to paying a franchise fee of \$14/month in addition to taxes to budget for maintenance projects.

Councilmember Strommen asked whether staff's analysis included a franchise fee for commercial and tax-exempt properties.

Public Works Director Olson indicated staff ran the numbers including a \$28/month franchise fee for commercial and tax-exempt properties, equaling \$1.53 million.

Councilmember Elvig asked whether the figure of \$3.06 million included curb and gutter.

Public Works Director Olson answered in the affirmative but noted it does not cover buyout of residents who have been assessed the last two-three years.

Councilmember Elvig stated he thinks there will be push back from residents who just paid an assessment the past couple of years. He noted the annual budget has \$500,000.

City Engineer Himmer explained that if you incorporate assessments, the overall program has \$600,000.

Councilmember Elvig asked what is the rationale to charge commercial and nonprofit more than residential.

Public Works Director Olson stated it is based on the higher property tax valuation per commercial property versus residential and because the amount of traffic generated by a commercial facility is much more than generated by a residential home so need is higher.

Councilmember Elvig pointed out that commercial traffic does not generally go down back roads as much as it uses County and freeway roads so he cannot support that analysis.

Public Works Director Olson explained if commercial paid the same franchise fee as residential, it would equal about \$40,000 for CenterPoint and \$35,000 for Connexus.

Councilmember McGlone stated he has a hard time with this discussion without first having decided on road standards because it affects this decision. He noted the City does not have the luxury of a good economy in which to have this conversation, the roads were built when they were built, and the issue is here for this Council and future Council's. Councilmember McGlone felt a fee was a fee and the Council will get the same public input on a \$14/month franchise fee as on a \$28/month franchise fee. However, over time, when a resident figures out they just escaped a \$5,000 assessment by paying \$28 a month, it will be even. He noted he owns three parcels but his house does not generate more traffic than a house on one parcel. Councilmember McGlone agreed with the argument that there is a positive economic development aspect when roads are reconstructed. He stated his support for a franchise fee since it would solve the problem from this day forward and asked the Council to first determine road standards and how to make funding fair.

Mayor Ramsey stated his problem with the franchise fee is that people moved to Ramey to get more land for a low price. Now, 40 years from that point when the road needs to be paved, those residents have a lot of road frontage that needs improvement.

Councilmember Wise stated that argument can be used on a lot of things, such as seniors paying taxes to the school district, so he does not consider it a valid argument, noting everybody uses roads. He stated the roads belong to the City and ownership has to be made for the entire City.

Councilmember McGlone noted that with the current system, residents still participate for one-half of the assessment. He did not believe it had ever been fair.

Mayor Ramsey stated he has not favored the franchise fee because people chose to purchase a large lot, that is the standard of living they chose, and they should have to pay for it with a higher assessment than residents on smaller-sized lots.

Councilmember Backous agreed with the need to discuss road standards. He stated he likes the franchise fee option because it pulls in businesses and agreed the value does not have to do with the number of cars you own. Councilmember Backous stated there is a need to pull in businesses and nonprofits because they also use the roads. He offered Option 4, a combination of tax levy and franchise fee in some form. Councilmember Backous stated he understands they are all taxes but a combined option could bring in businesses.

Councilmember Tossey stated he had talked to a property owner with 22 lots but only two lots are developed. He felt it would be unfair for that property owner to pay taxes for roads on 20 lots that are barren. He believed it was the most fair to stick with the Charter because franchise fees subvert the Charter.

Public Works Director Olson pointed out that if the lot is vacant, there would be no franchise fee because there was no utility account.

Councilmember Backous stated he had raised the option of a combination of assessment/franchise fee because some residents did choose to own a 20-acre lot with 300 feet of frontage. In addition, if the assessment is relatively small in percentage (15-20%) the chance of being petitioned against is minimal.

Mayor Ramsey indicated that is a good point since reconstruct is 50% funded from assessments so that would be more fair with the franchise fee. However, the pitfall with the 50% assessment is that it will create counter petitions.

Public Works Director Olson stated he looked at the option of a 25% assessment and 75% coverage with franchise fees and it indicated \$2.54 million had to be generated, equaling a \$11.50/franchise fee. He noted that adding concrete curb and gutter on both sides equals \$20/foot or \$100,000/mile but in the greater scheme it is 10-20%.

Councilmember McGlone pointed out that concrete curb and gutter stands up better to garbage trucks, snow plows, and reduces maintenance so if it costs only 10-20% additional over 40 years, it is worth it. He noted the problem is that the majority of the City's roads were built during a time when project inspectors were not as good and developers didn't build the highest quality roads. Councilmember McGlone stated a 9-ton road allows residents to bring home the furniture they purchased during winter months without breaking the law.

Councilmember Backous stated his position to get away from assessments all together. He felt assessments were a harder sell to residents than charging a franchise fee of \$28/month and noted that charging \$14/month in addition to assessing will be even harder to sell to residents.

Councilmember Wise stated he could argue that point either way. He thought concrete curb created more maintenance because the curbs get broken.

Public Works Director Olson explained the concrete curb installed by developers allows placement of driveways and that type does not help much. However, barrier-style concrete curb makes a big difference to reduce maintenance.

Mayor Ramsey stated concrete curb and gutter also provides drainage and asked if the Storm Water Utility Fund can be used to pay for it.

Public Works Director Olson stated that is an option but when that Fund was established, the Council specifically stated it would not use it to fund concrete curb and gutter.

Councilmember Elvig noted that 16 miles of roadway need to be addressed right now and if the franchise pulls in only one-half of the amount needed, there will be a lull until funds are available.

Public Works Director Olson agreed and stated he thinks there will be an onslaught of property owners who want their road maintained, if they are not being assessed, so the fund may operate in the "red" for a while.

Councilmember Elvig asked if this work can be bonded since the franchise fee is a guaranteed revenue stream.

Public Works Director Olson advised the City has to assess 20% in order to bond.

Mayor Ramsey added that a future Council may decide to not charge a franchise fee.

Councilmember Backous asked how a 9-ton road impacts the maintenance schedule.

Public Works Director Olson explained that sealcoats keep water out from under the roadway so a 9-ton standard may not impact the duration between sealcoats.

Councilmember Backous asked whether the analysis using a franchise fee of \$28/month was based on the City's current population without projections.

Public Works Director Olson stated it was based on the number of current customers with CenterPoint and Connexus.

Councilmember Backous noted the franchise fee could be lowered in anticipation of more residents. He agreed with Public Works Director Olson that there may be an onslaught of people wanting their roads maintained if paying the franchise fee. Councilmember Backous asked whether the road maintenance chart can be put on the City's website so residents can see when their street is due for overlay or sealcoat.

Public Works Director Olson answered in the affirmative and explained the City sealcoats an average of 13-15 miles of roadway each year and overlays 1-4 miles of roadway. He stated if the Council eliminates the assessment process, it would be much easier because the City would not have to do the mailings except to notify residents of the project and ask if there are drainage problems.

Councilmember McGlone asked if there may be a funding deficit with a franchise fee of \$14/month instead of \$28/month.

Public Works Director Olson stated a deficit could be created if there is not an assessment because he thinks the demand will be high.

Councilmember McGlone stated the Council needs to establish policy on which roads are done first. He stated he would argue there are maintenance savings with 9-ton roads because the worst pavement failures are at the edge of the road where the water runs and trucks drive. Concrete curb and gutter protects road edges.

City Engineer Himmer explained that once funding and the amount it will generate are determined, this software will create a five-year program in how to move forward, providing more certainty to notify residents.

Mayor Ramsey stated he would support a franchise fee only after asking the Charter Commission for tougher counter petition standards, such as requiring 50% to start a petition, so the City does not waste money on planning and then have the project counter petitioned.

The Council discussed that petition results can vary depending on the way the project is presented. It was noted that City Attorney Goodrich had indicated property owners can only petition against the project being assessed so if a sidewalk is included, and not being assessed, it cannot be part of a counter petition.

Mayor Ramsey commented that in a "perfect world" the City could get rid of assessments but that may also create a nightmare because all will want a new street tomorrow if not being assessed.

Public Works Director Olson asked the Council what level of franchise fee it supports and whether it does or does not support assessments. He noted that as soon as residents know the

City is thinking about not charging for sealcoats and overlays, residents will counter petition every project.

Councilmember Elvig agreed there will be a lot of pushback so there should be consensus with the Council on what it supports.

Mayor Ramsey asked the Council whether there was consensus to move forward with a franchise fee plus 50% assessment on reconstruct projects.

Councilmember McGlone stated he wants to go all the way.

Mayor Ramsey stated he supports support 50%.

Councilmember Wise stated he supports a franchise fee only and no assessments.

Councilmember Strommen stated she supports a mixed proposal to provide balance.

Councilmember Tossey stated he agrees with Mayor Ramsey that this is a way to subvert the Charter, so he supported a mix.

Councilmember McGlone stated the Council had already approached the Charter Commission to change the petition levels but the Commission would not consider it. He stated he wants to solve a problem that is looming over this Council and residents forever. Councilmember McGlone pointed out that everybody has to pay the City's one-half of the assessment anyway.

Councilmember Backous stated he supports all franchise fee with no assessment because the assessment process is inefficient. He thought the City could start with a franchise fee that is lower than \$28/month.

Councilmember Tossey stated if there is only a franchise fee, then he would support \$14/month and adjust it downward as the number of customers increase. He asked if the project can be bonded based on that revenue stream.

City Administrator Ulrich stated he does not think that is an option but will research that issue.

Councilmember Elvig noted that whether paying one-half or the whole assessment, each resident will get clipped at some point and have to pay its portion. He stated an assessment would add a tremendous burden on people now, and he thinks there will be pushback and counter petitioning. He favored a franchise fee at \$14/month in addition to a funding mechanism to help pool funds to eliminate a deficit.

Councilmember Strommen explained her concern about all franchise fees is that the rate may not be high enough to fund everything and result in "kicking the can" or having to increase the fee. She stated she could support the full franchise fee, if needed, but did not want to "kick the can" down the road. Councilmember Strommen stated the problem is here and the Council needs to face it now and solve it. She noted the fee can be lowered if other funding is found.

Councilmember Wise stated he does not think fees ever get lowered.

Councilmember Strommen pointed out the City previously had a franchise fee that was taken off.

Councilmember Wise asked whether an ordinance can be written that will change with time and demand for the program. He noted there is no way to tell now exactly what is needed and there may be other funding options. Councilmember Wise stated if the Council passes this, citizens will know up front.

Councilmember Elvig felt there had to be concerted effort to change legislation to fund road projects in some way. He suggested the City keep its eyes open for TIF opportunities that could be developed towards road maintenance.

City Administrator Ulrich advised that the old TIF rules were more flexible but that type of funding would not be allowed under new TIF rules.

Mayor Ramsey commented on the number of residents with low incomes, such as seniors on a fixed income that may not have a house payment but pay taxes and a franchise fee would add \$330+ per year to their expenses.

Councilmember McGlone noted that may be preferred to an assessment of \$6,000.

The consensus of the City Council was to direct staff to put this issue on a City Council agenda for further discussion and to put the public on notice.

3) Review Mn/DOT and Metropolitan Council's Position on TH 10 Corridor

City Administrator Ulrich updated the Council on the position of Mn/DOT and the Metropolitan Council that the Armstrong interchange is a priority improvement for both mobility and safety and that the City and Anoka County have "right sized" the project, making it more competitive for funding opportunities by reducing the estimated cost from \$50 million to under \$30 million. He indicated this is a positive reversal of the agencies' previous position, allowing Ramsey to move forward with the project and grant applications, and not having to sell back RALF-acquired parcels until the Highway 10 corridor long-term strategy is developed.

The Council congratulated staff on its successful efforts with Mn/DOT and the Metropolitan Council to reverse their position and move the Armstrong Boulevard project forward with grant funding opportunities.

4) Update on Pay Equity Report

Deputy City Administrator Nelson informed the Council of the Pay Equity Compliance Report analysis, which will be submitted by the end of January, and advised the City is in compliance.

FUTURE TOPICS FOR DISCUSSION

Noted.

MAYOR, COUNCIL AND STAFF INPUT

None

ADJOURNMENT

Motion by Councilmember Strommen seconded by Councilmember Backous, to adjourn the Work Session meeting.

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

The Work Session of the City Council was adjourned at 6:57 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.