

**CITY COUNCIL SPECIAL MEETING
CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

The Ramsey City Council conducted a special meeting on Monday, February 6, 2012, in the Lake Itasca Room at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Acting Mayor Jeff Wise
 Councilmember Randy Backous
 Councilmember David Elvig (arrived 6:28 p.m.)
 Councilmember Colin McGlone
 Councilmember Sarah Strommen
 Councilmember Jason Tossey

Members Absent: Mayor Bob Ramsey

Also Present: City Administrator Kurtis G. Ulrich
 Deputy City Administrator Heidi A. Nelson
 Director of Public Works Brian Olson
 City Engineer Tim Himmer
 Senior Planner Tim Gladhill
 City Attorney William K. Goodrich
 Development Manager Darren Lazan

CALL TO ORDER

Acting Mayor Wise called the special meeting of the City Council to order at 6:05 p.m.

CITIZEN INPUT

None

APPROVE AGENDA

Motion by Councilmember Backous, seconded by Councilmember Strommen to approve the agenda as presented.

Motion carried. All in favor. Mayor Ramsey absent.

COUNCIL BUSINESS

4.1 Discuss Updates to the City's Comprehensive Sanitary Sewer and Water Plans

City Engineer Himmer presented the staff report. In August 2011, staff met with the City Council in work session to review the City's 2011 development cost study. In November 2011, the topic of comprehensive utility plan updates and corresponding rate studies were discussed by the Public Works Committee. Council wanted to understand how updates to these plans may impact adoption of the City's annual rates and charges and wanted to wait to deal with adopting the rates and charges for 2012 until these utility plan updates were completed. The rates and charges were adopted in December 2011, with the idea that the utility fees could be revised if necessary once the studies were updated and the results of the rate study completed. In January 2012, the Council awarded contracts to Bolton & Menk and Landform to undertake this study, which was last completed in 2004. He noted Greg from Bolton & Menk was present as well. Mr. Himmer explained that the first order of business is to review growth projections, which is the focus of this case. Without first understanding the assumptions related to how the City intends to grow, updates to these plans are extremely difficult. We would not be able to look into infrastructure needs of the future and associated costs if we have no clear direction on how the Council believes the City will grow. Therefore, staff is looking for direction on what assumptions should be used to calculate future growth in the City. He reported that since Ramsey has not realized growth consistent with either the 2030 Comp Plan, which showed an average of 455 units built per year through 2030, or the 2004 Comprehensive Utility Plans which showed an average of 360 units per year through 2020, any revisions to growth projections would affect the amount of service connections – users and ultimately rates and fees. Mr. Himmer stated that another focus is density assumptions. Understanding where more dense growth will happen assists in developing a plan for appropriate sized and located infrastructure. It allows us to implement a program that will fund capital expenditures only where they are needed, and eliminates the potential for unnecessary extensions and/or over sizing. Mr. Himmer reiterated that staff is only seeking direction from Council on where they see City growth in the future for this phase. He noted that during the development and review process for the 2030 Comp Plan Update, concerns were raised by several individuals regarding the forecasts. The forecasts showed that all future growth outlined, which was outlined on a "Future Land Use Map" presented to the Council this evening, could occur by 2030; however, based on current market conditions, it seems unlikely that would be a reality. He noted a few assumptions in the City's existing 2030 Comp Plan deserve discussion. Due to the nature of soils in the City, rural residential development can be supported indefinitely with on-site sewage treatment systems, provided sufficient land is available to accommodate two drain fields. Ultimately, such areas may require public water service. He stated the discussion should be does Council still agree with this assumption. Should there be some investment made for infrastructure expansion to/through these rural areas, or does Council still consider these large lot rural areas as a mainstay in the City. Considerations still need to be factored in for ultimate water distribution into these areas in case groundwater supplies become compromised, or future municipal source wells are restricted. Two keys to future growth – northwest Ramsey will not be allowed to connect to Elk River's public utility systems and metropolitan sewers will not be extended northerly through Ramsey to provide services to the City of Nowthen. He noted that might not be a choice we have – and saying "never" is a pretty firm stance. He inquired if Council wants

to revisit these cross-jurisdictional options. He noted financial considerations may factor into this decision, as extensions into adjacent communities would provide for cost-sharing opportunities on infrastructure investment and add additional users to the system, and utilizing adjacent community service would allow for potential future tax base in Ramsey without the capital expenditure of infrastructure. Mr. Himmer continued that staff has had discussions with the Metropolitan Council and they agree amendments will likely be needed to the forecasts, with the City experiencing ultimate build-out of the Future Land Use Map beyond 2030. The Met Council has begun working on the 2040 Framework, which will provide the City an official opportunity to comment on these forecasts, among other items. It is expected that the Met Council will begin providing communities with updates on the process in October or November of this year, and the official comment periods will begin in 2013. City Engineer Himmer stated again – we want to focus only on density and growth to evaluate the existing system. We will come back for more policy direction on developing a CIP and how we divvy up costs.

Councilmember Backous stated we are talking about the next 18 years. Who knows what will happen and he feels staff's guess and assumptions are as good as any. We go forward as we need to – there's no way to really change anything. We have to be a little flexible with regard to septic systems.

Acting Mayor Wise stated he assumes Trott Brook is a major hurdle on the future land use map.

City Engineer Himmer replied no – back when we did this plan, we were growing pretty fast. We were being told by the Met Council if we did not use the capacity of their big pipes, that they were going to give them to someone else. That would have made it impossible to expand. We made some very conscientious decisions at that time on not limiting our expansion of services. He added he does not know if he is telling Council to assume higher or lower and added that Senior Planner Gladhill can go over the history of the past ten years or so.

Councilmember Strommen stated she does not have expertise in the market and where it's going. We felt Met Council's numbers were very aggressive back then but she wondered if we could come up with any better numbers. She asked if staff thinks the Met Council numbers are aggressive as well.

Senior Planner Gladhill stated that staff put together a power point that shows what's in the 2030 plan from an historical perspective. For the purpose of review tonight, we are working on the 2040 Framework. We do not have a good public outreach until November of this year. He talked about the Comp Plan cycle and stated that it's appropriate to update the sewer and water plans now. Having this discussion now is good for the regional framework. He showed the future land use map, the MUSA line, comp plan assumptions, forecasts, etc. He stated that the Met Council has prepared population, household and employment projects for metropolitan cities. These projects are not requirements imposed on community – they are projections to provide a framework for the plan. He commented that we will be more focused on corridors – it will be a much different forecast. He talked about Comp Plan amendments – Legacy Christian, Stoney River, The COR. He suggested the forecasts aimed for 13,000 households by 2030. Mr. Gladhill stated that the 2030 Land Use Plan was developed through a citizen-driven process. The household forecast for 2030 was almost 11,000 – we are now at about 8,000, which would

equal about 455 households added per year, which is a lot. The ultimate growth will be after 2030 sometime. He presented historical information on the new home permit trends since 1990 – a lot of peaks and valleys. In 2003, there were over 400 new home permits – in 2004 there were over 500 new home permits. In looking at the growth trend, the average would be 212 households added per year since 1990 – this is an historical number - not a “magic” number – it can be used to illustrate forecasts. Senior Planner Gladhill reported there is a potential for at least 388 new households for 2012 with the Residence at The COR, Suite Living and Stoney River.

Acting Mayor Wise commented that most units would not be occupied right away.

Councilmember Elvig arrived (6:29 p.m.).

City Engineer Himmer pointed out that we did the fees based on SAC and WACs – not based on units. He talked about how the fees were calculated – 400 units of multi-family equal 200 single family units.

Councilmember Backous stated the average number of households is 212 – and inquired what assumption should be used.

Mr. Gladhill noted we are looking at a more conservative approach with the 2040 plan.

Director of Public Works Olson asked Council if they want staff to keep the assumptions the same as we originally had – the same as the most recent updated plan or be more conservative. We will have a lot more conversations to talk about cost, etc. – how do you spread that cost out - to more users or people that are buying into the system or do you make a conscious decision to add more users. He did not know if the system design would be much different. Our system is designed for ultimate growth and we will talk more about that later. The decision staff is looking for from Council tonight is do you want us to be more conservative.

Councilmember Elvig stated that the growth forecast was not realistic. He talked about a more comprehensive forecast/study being done and that maybe it’s a good idea to hold off on assumptions for six months or so until that study is complete.

Councilmember McGlone stated he sees a lot of projections that did not come true – now we have the reality. Ramsey is a very complex place. He stated his ward has a lot of septic systems and people in his area like it that way. When we put pipes in the ground, we have to pay for them. We have a Charter that states people do not have to hook up and we cannot force anyone to do so. He stated he is not saying that the Charter should be changed but the fact is that we cannot make anyone hook up. He added that he would not want to do that anyway. With regard to the Land Use Map – he was a part of that process. Only a small number of people came to give input – basically the landowners who wanted to develop. We should be looking at our sewer system the same way a franchise determines where they will build. They put a dot on the map and work around a certain area. Councilmember McGlone stated he favors the greatest of conservatism we can come up with.

Councilmember Elvig stated that one of the things he is concerned with is the talk about the water that's available. Maybe the restricted growth in Ramsey might be the supply of water rather than the septic system. They may figure out this is a regional problem, but if not, Ramsey will be very restricted. If we are going to support growth in Ramsey, it should be more focused on water rather than sewer.

Director of Public Works Olson stated we did think about that when we did the 2004 Comp Plan amendment – a much more cost-effective solution to expand this ground water system – but we do not want to get into the cost of this system yet. We want to know what Council's idea is with regard to the ultimate service area – we want to capitalize on infrastructure. We will get into the cost discussions later.

City Engineer Himmer stated that the 2030 Comprehensive Plan shows 450 units per year to meet projections. In 2004, the Utility Comp Plan projected 360 units per year through the year 2020. Historically it shows that since 1990, there have been 220 units per year. It goes back to the number of people paying into the system and the tax base.

Councilmember McGlone stated he wants to know what's in the ground (pipe) and what the usage is.

Mr. Olson stated we are talking theory right now – we cannot talk cost until we know the ultimate area.

Councilmember McGlone stated we have to factor in where we are today to which Mr. Olson assured him staff would.

Councilmember Strommen stated we have a Comp Plan showing the ultimate service area. She did not get changing that – but what's clear is growth and population – we should be focusing our adjustments on how fast our growth is. She stated they should pick a reasonable number on that and then stick with the service area.

City Administrator Ulrich stated we are defining the supply and we will build infrastructure. The projecting population is the building demand. If you do not get the growth, you will not build the system.

Councilmember Strommen stated we do not have to change this. It's just that the rate at which we will get there is much slower.

Councilmember Elvig talked about developers paying for the infrastructure.

Mr. Ulrich stated that the fees that are paid now should be used for the existing system.

Mr. Himmer stated that discussions have been how we get rates low to encourage development.

Deputy City Administrator Nelson stated that we looked at where we were in comparison with other cities' development costs. Some of our development costs are higher but our rates are

lower. Communities make that decision all the time – who pays and how do the costs get spread around.

Acting Mayor Wise asked about Ramsey's user fee rates – Public Works Director Olson replied that Ramsey is generally in the bottom third to middle in comparison to communities within the seven-county district.

Deputy City Administrator Nelson stated that discussion is yet to come. This discussion is about population assumptions.

Councilmember McGlone stated that we are going through a five-year period of nonexistent development. Even if we have five years of great development to factor in, the fact remains that people out in the rural area can develop on a septic system and are likely to do that. How are all these other factors being factored into this. We are statistically not on the map for what the projections were. Deduct from what you already have and the number is already off - it's like five years of negative.

Senior Planner Gladhill reported that part of the assumption did include the areas developed as two and a half acre lots so part of that is included in the population forecast – septic growth is assumed in the forecast.

Councilmember Elvig stated that if we are looking at the Comprehensive Water and Sewer Plan, he is not in favor of changing that plan. We spent a lot of money getting that plan. He talked about a loop system and about a gravity system. When you put veins of infrastructure and lay it out on a map, there are a couple of good ways to do it. We came up with a good way back five years ago or so. Growth will eventually be there – we just don't know when. He added he is more interested in developers paying for this. Ward 1 and Ward 2 may get more pressure for density housing. He did not see changing the actual infrastructure.

Councilmember Backous stated it seems Council is being asked to come up with a number for growth and suggested 250 households.

Councilmember Tossey stated he would second that number.

Director of Public Works Olson stated that there was a lot of time and effort put into the Comprehensive Plan. The numbers are way more aggressive than you think. On the revenue side – the higher the projections – the less the fees will be.

Councilmember Strommen commented unless you do not get users there.

Mr. Olson stated there are other factors for the policy.

Councilmember Strommen asked if there isn't a way to not throw out all the planning – and suggested just saying we will get there at a much slower pace than projected.

City Engineer Himmer stated this is our ultimate service area and say we will reach it. We will develop the same system and come back and figure out the cost and number of users.

Director of Public Works Olson commented but you will spread it out over less people if you reduce the number of people you are assessing.

Councilmember Strommen cautioned that if you double the amount of people and they do not come, someone still has to pay and that's us.

Mr. Olson stated that we have delayed capital expenditures because of lack of growth.

Councilmember McGlone reiterated there is the issue of the Charter – we cannot force someone to hook up and he expressed agreement with the Charter. We could get a lot of ghost pipe in one area. He did not want to hear someone come in and say for the City to pay for it and we will get development.

Councilmember Elvig stated we are not trying to push anything. Until all that market has been absorbed, no one will try to get new pipe – it's already there. Fees are not changing if we are not building anything.

Councilmember McGlone noted an area on the map – stating someone in the top corner of the yellow area – we would have a whole lot of pipe going up to that area and we will not be getting money for it right away.

Councilmember Elvig stated the City has charged people to drag the pipe to the far end of their property – that's the policy now.

Councilmember Backous asked staff to inform Council what they want.

City Engineer Himmer stated that the direction from the City Council was to look at these plans and the projections. We were 2,000 users behind where we are supposed to be – now we are 4,000 users behind that are not paying in.

Councilmember Elvig inquired if we have a lead rate right now – if there is no spending going on – there is no cost.

Mr. Olson stated we have already built three new wells since the Town Center was built. We will not be spending more money until we need it but there is a lot of expense in our system we have that we have not recuperated.

Councilmember Strommen stated that if you get to the same population number and same frame use, you are just pushing it out and not changing.

Mr. Olson stated we can leave assumptions on the rate – that's 260 – it will not have an effect on the rates as far as the revenue side. If Council is asking for a recommendation, that would be it.

Councilmember Backous stated to leave the assumption as is in the Water and Sewer Comprehensive Plan and move forward.

Councilmember McGlone stated he wanted to talk about this and make a decision. He wanted to do what we could do to change the numbers to bring developer fees down to a frugal responsible level to spur development. He felt that 260 is too much.

Councilmember Tossey stated he has been given an answer. Statistically, we are assuming this growth is going to happen – maybe we should be more conservative with our assumptions.

Councilmember Elvig stated that if we do that we would just raise rates.

Councilmember Olson stated that the more people in the project – the less the trunk rate will be. We only write our Comp Plans for 20 years. Therefore, 2040 is done in 2018.

City Administrator Ulrich stated that the question is what our options are for retracting the system and system costs. How much of that cost can we actually pull back on and added that we will not have all these costs if we do not have the growth.

Councilmember McGlone stated that when these projections were originally put out there, we were in a rocket ship growth pattern in single family homes. Now it's more likely to be more rental.

Deputy City Administrator Nelson agreed it is no doubt the rental market is strong throughout the metro – but to what degree will Ramsey be apartments. She would argue it will be more mixed development. The apartment market for 1,000 units is not the same here as in the core cities. That market will get tested in the next three years but it will not be all we do.

Councilmember Elvig stated if we start to project less, it will be less – a higher rate – not more rate of return on it.

Director of Public Works Olson stated that this plan will be ultimately routed through the Metropolitan Council. If Council wants to say the next 20 years will be zero – the Met Council may hold you to that.

Acting Mayor Wise stated he likes the 212 number.

Councilmember Backous stated that is why he (Backous) came up with the 260 figure – it's more than the 212 but less than the 450.

City Engineer Himmer stated that in 2010 there were 8,000 households. Adding 300 per year over 18 years will take us out to 2030 and a number of 13,400. The Comp Plan says 16,500 for 2040 – that's also assuming 300 per year. If we reset the clock today and did the same growth to 2040, it will be 300 per year.

Councilmember Backous said to look at 260 – or look at 240 – either gets us relatively close.

Acting Mayor Wise stated he agrees with Councilmember Backous' point – go up to 260.

Councilmember McGlone stated that we are trying to get back on track. You will have the public already paying for something that does not exist. This is a regional problem – it's not only Ramsey.

Director of Public Works Olson stated that this discussion is not what he wanted to happen – we will have that “argument” another day. You either have to have additional groundwater wells or water treatment facilities. He also talked some about arsenic percentage in drinking water.

Acting Mayor Wise stated we need a number to have the possibility of reducing our fees. We will talk about the fees/costs later.

Mr. Olson added that Council could direct staff in another meeting to say we do not want any water treatment facility – no additional ground water . . . you can do that – it will work until you have to send it to the DNR – and they will ask you how you plan on growing.

Acting Mayor Wise reiterated that we need a number high enough to give us the opportunity to cut the rate.

Councilmember Elvig commented that he can guarantee the Met Council is looking at how we will tailor ourselves to grow when growth is projected.

Acting Mayor Wise stated that accessibility such as the Armstrong Interchange will drive development.

Councilmember McGlone talked about growing on a pipe that already exists and added that apartment units are not calculated the same. How can we leave any link out of this chain – it's all related.

City Engineer Himmer stated we first need to get the population piece done to look at the system to see how much we are going to grow. Then we will look at the cost of the system, then how to divvy up the cost.

Councilmember McGlone stated we are already collecting fees.

Mr. Olson stated that the fees are what they are but we have not collected any because there has not been any development. The users are the ones that will pay for the enhanced system.

Senior Planner Gladhill stated that we are trying to avoid having Council not agree with staff's numbers – so we want Council to agree on an assumption at this point.

Acting Mayor Wise stated we are guessing but we have to show the projected growth.

Councilmember McGlone inquired at what number we would break even.

Mr. Olson responded that our current rate of growth is 260 but it is impossible to really answer that question. We cannot design the system until we know what assumptions to use with the growth rate. The numbers will have a huge impact on the size of the pipes, etc. Bolton & Menk will not want to design a system and then have Council say the calculations are way off. The document we used to design the system was in the Comp Plan. We already know what service to the entire City would cost.

City Engineer Himmer stated that we could say we are not changing the growth at all – then you could say take that surface water plant out – we could do that. However, we need a statement – we need to know what Council’s assumptions are – what we should use.

Councilmember Backous reiterated using 260.

Acting Mayor Wise stated that if you can reduce fees, growth is more likely to come.

Councilmember Strommen agreed with 260. Let’s get an analysis done and come back with the other aspects of the issues we need to discuss.

Director of Public Works Olson reminded the Council that this meeting was posted as a special City Council meeting, not a work session, so an actual motion can be made and action taken.

Motion by Councilmember Elvig, seconded by Councilmember Backous to maintain the current Comprehensive Sewer and Water Plan as it is at this point in time – including the population growth projects of 260.

Motion carried. Voting Yes: Acting Mayor Wise, Councilmembers Elvig, Backous and Strommen. Voting No: Councilmembers McGlone and Tossey. Absent: Mayor Ramsey.

Councilmember Elvig commented that this does not stop our quest to move forward.

MAYOR/COUNCIL/STAFF INPUT

Senior Planner Gladhill presented an update on the Mississippi River regulations. He met with the legislators and anticipates we will have more conversations with the DNR. He talked about the procedural special legislation to remove that overlap.

Councilmember Strommen stated she would like the discussion to happen with the DNR staff.

Mr. Gladhill stated that at the end of the day, we still need DNR support. He stated he will push to delay that special legislation.

Councilmember McGlone stated that we are looking to simplify by removing overlaps and you want to take more time to talk to the DNR. He wondered why.

Mr. Gladhill replied to make sure there are not more issues with that. We do not want to lose the benefit we created.

Councilmember McGlone stated he would like to get more time in front of the DNR and if they are opposed, he would like to re-evaluate.

Consensus was to try to work with the DNR and if staff cannot, it will be brought back to the Council.

ADJOURNMENT

Motion by Councilmember Backous, seconded by Councilmember Elvig to adjourn the meeting.

Motion carried. All present in favor. Mayor Ramsey absent.

The special meeting of the Ramsey City Council adjourned at 7:50 p.m.

Respectfully submitted,

Kurtis G. Ulrich
City Administrator

ATTEST:

Jo Ann M. Thieling
City Clerk

Minutes drafted by Jo Thieling, City Clerk