

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

The Ramsey City Council conducted a City Council Work Session on Tuesday, March 13, 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
Public Works Director Brian Olson
City Engineer Tim Himmer
Fire Chief Dean Kapler
Economic Development/Marketing Manager Aaron Backman
Senior Planner Tim Gladhill
Planning Intern Patrick Brama

1. CALL TO ORDER

Mayor Ramsey called the City Council Work Session to order at 6:04 p.m.

2. TOPICS FOR DISCUSSION

2.01: Review Development Proposal from Podawiltz Development for Town Center Gardens 3rd Addition

Senior Planner Gladhill reviewed the staff report and requested feedback on submittal of Livable Communities Act (LCA) application, establishment of TIF District, providing TIF assistance, donation of the HRA parcel, waiving application and license fees, and whether to fast track the approval process.

Mike Podawiltz, Podawiltz Development Corporation, introduced himself and provided a PowerPoint presentation on the proposed workforce townhomes that can be funded through Section 42 of the IRS Tax Code to provide investors to participate. People would be eligible if paying over 30% of their income for housing (rent, utilities, and taxes). This allows communities, with the help of Minnesota Housing Finance, to provide this type of housing, employees for entry level jobs, and create more disposable income by reducing rents. Mr. Podawiltz stated they have found a parcel, identified by the bank, that includes excess right-of-way owned by the City. On this bank-owned property, along Bunker Lake Boulevard, they

would like to develop 50 units of workforce housing. He displayed and described the project site plan, landscaping plan, and indicated the project would extend 147th Avenue to Center Drive to provide another means of egress. This road extension is estimated at \$175,000 at today's market. Mr. Podawiltz stated they propose three-story, two- and three-bedroom units, with drive under double garages, and double balconies. The project will include an on-site community building, on site maintenance, and be constructed of maintenance-free exterior and premium interior products which will minimize maintenance and enhance the tenant's living environment. Mr. Podawiltz presented green building criteria incorporated into this project and displayed pictures of a similar development constructed in 2010 in Buffalo, Minnesota. He then presented statistics related to the need for affordable workforce housing as estimated by the Metropolitan Council, noting 669 such units are needed in Ramsey. Additional information included a comparative tenant profile, rent/income requirements, and target tenant incomes. This project would include 22 two-bedroom and 28 three-bedroom units. Mr. Podawiltz requested the Council consider a resolution supporting the application, zoning and land use modifications required to facilitate the development, and a local contribution with a present value of approximately \$215,000, which can include regulatory cost avoidance and/or regulatory cost reductions, and the vacation of 147th Circle NW. With the donation of the right-of-way vacation, the City's contribution can be reduced to \$197,000. Mr. Podawiltz explained they want to be sure the community is receptive to workforce housing and if the community provides a contribution, more selection points are awarded in this competitive review process. The City's contribution and giving of right-of-way would create two selection points. He explained that last year, eight projects were funded and asked if the Council would be receptive to this level of donation and if it felt there was a need for workforce housing in Ramsey.

Councilmember Elvig asked what they are bringing for equity.

Mr. Podawiltz stated they would buy the 6.5 acres from the bank at \$725,000 or \$119,000/acre and construct the project. He presented the proposed local contribution spread sheet and indicated the new transit facility is worth three selection points and the City's aggregate need is worth 5 selection points so this project would rank highly; however, without a local contribution granting is unlikely. Mr. Podawiltz explained that ultimately the combination of local contribution, tax credits, and mortgage go to lower rents for 50 workforce households for a 30-year period, at a minimum. Benefits to the City include creation of real estate taxes, extension of 147th Lane NW to Center Street, opening an abutting property for development, and donation of the right-of-way facilitates resulting from the expansion of 147th Lane NW.

Mayor Ramsey asked about the impact to future grant opportunities for other projects.

Senior Planner Gladhill explained that in terms of the LCA program, the City had submitted three Transit Oriented Development (TOD) grants, so any affordable units added would bolster that argument and future grant applications.

Councilmember Strommen thanked Mr. Podawiltz for the presentation, spread sheet, and explanation. She noted the proposal is for the City to provide two parcels of land, reducing the requested local contribution, and asked how that would be funded. Councilmember Strommen stated this could be a good project but she has questions from a higher level policy perspective.

She noted the Council has decided to provide funding assistance to apartments within The COR and wanted to put workforce housing on the table. From a policy level, she noted the Council is reacting to what is coming before it but has not yet identified the elements in which it wants to invest its limited resources. She preferred to set goals and priorities in advance so when a project is presented, it can be examined by those goals and priorities. Councilmember Strommen noted this may be a good solution for a piece of land that is difficult to develop but she still has some questions.

Councilmember McGlone explained that when the Council had voted on buying the Town Center/COR land, it had discussions and agreed one of the things it wanted to do was bring The COR back to the downtown and react to the market in the outer areas. He felt the Council did address that issue and he found this project fits those criteria. Councilmember McGlone noted this is private property, not City property.

Senior Planner Gladhill explained that TIF was part of the original request but staff knew it had to look at other ideas, such as land contribution. That has been staff's focus, land contributions and then to identify the gap and go after grant opportunities if the timing works.

Councilmember Backous agreed this is a difficult site to develop and the City had previously tried to come up with other solutions. He felt the proposal for workforce housing is a great solution. Councilmember Backous stated he does not usually support subsidizing projects to attract development but thinks this is reasonable contribution to give up right-of-way and cul-de-sac. He asked about the formula for park dedication and park and trail fees.

Senior Planner Gladhill advised those fees have already been paid and the zoning needed is a replat to this style of housing with a slight reduction in units over the previously approved project. He indicated staff could research whether there could be credits owed to the original developer and bank.

Councilmember Backous stated he does not normally favor giving credits for park and trail but noted there is a nice park proposed at the east end of the project. He supported the project.

Councilmember Elvig stated he likes the project concept, noting the City subsidized two County ACCAP projects of about \$300,000.

City Administrator Ulrich indicated those projects used the County HRA portion of the levy.

Councilmember Elvig stated he preferred that private individuals meet that market instead of public entities but believed there was a need for workforce housing and affordability. He stated he supported providing that opportunity to Ramsey's residents. Councilmember Elvig stated he is concerned about the actual platting and architectural dynamics to avoid appearance of row houses. He preferred undulation to the buildings to create setback from one building to another through open areas, landscaping, and color.

Mr. Podawiltz stated they can add articulation on the back half of the circle and on the front half of the circle they would look to the Planning Commission and Council to help because there is a

large berm and limited side yard. He explained they propose 3-story units to reduce the footprint and would stand ready to add articulation to the extent they can do so within the confines of the City's ordinance.

Councilmember Elvig asked about the building materials.

Mr. Podawiltz stated they would have maintenance-free exteriors and energy efficient products to reduce costs and maintenance. Exterior building materials include metal, steel, stucco board, and balconies on both sides to bring light into the living space.

Councilmember Elvig asked about financing and indicated the City typically sees a performa when asked for a subsidy. He stated he prefers the project involve an institution for overall tax credits instead of selling it off to an individual and he likes it being paid down below market rate to create affordability.

Mr. Podawiltz explained the investors would be limited partners so all they could lose is the investment they put in. He indicated Podawiltz Development Corporation would operate the project, maintain it, and keep it fully occupied. Mr. Podawiltz described their tenant selection criteria. He noted that without the City's \$215,000 contribution, rents would be above the 30% and 50% threshold so one of the things the City's contribution does is write down rents and shows Minnesota Housing Finance that the City is interested in the project. The City's contribution also allows Minnesota Housing Finance to use money for other projects.

Mayor Ramsey asked if there are any objections to this project.

Councilmember Tossey stated he has no problem with vacating the street or HRA parcel but did not support an HRA contribution.

Councilmember Wise asked about SAC and WAC fees.

Senior Planner Gladhill stated staff could look at other permit fee waivers but the City has not considered waiving SAC and WAC fees in the past.

Councilmember Wise agreed this is a troubled site and he thinks this proposal is a good fit. He asked if this project would cause any possible impediment to surrounding developments.

Senior Planner Gladhill stated staff does not think it would impede another project but will study that issue during site plan review.

Mr. Podawiltz advised that this property and the site across the street are under the same ownership and that person thinks it is a benefit, not a deficit.

Councilmember McGlone stated the proposed workforce housing project will finish a road at its expense, which benefits everything over there. He noted the project includes substantial park structure on private property and raised the option of the developer contributing that park structure to the City's North Commons Park to create better utilization.

Mayor Ramsey asked staff to research that option and questioned the original intent of the right-of-way.

Senior Planner Gladhill stated the intent was for a public roadway to service the development as originally platted.

Councilmember Elvig asked if there are drainage issues in that location.

Public Works Director Olson advised there are no drainage issues because it has not been used but there are utilities in the road and if the City wants to extend to Town Center Drive, that is not a problem.

Councilmember Strommen asked that staff assure the criteria considered for contribution is recorded in the Council's discussion, such as completion of the road and creation of affordable housing. She noted it would be helpful to have such criteria identified ahead of time so developers know the Council's criteria for consideration of a contribution.

The consensus of the Council was to support the concept of workforce housing and move forward with the next step.

2.02: Review Fire Station 2 Project

City Administrator Ulrich noted several months ago, staff had presented fire station designs and direction was given by the Council to make modifications to bring the project back into line with the budget and Council's expectations. It was noted the project will involve vacating the site and selling the former municipal center site, potentially as a data center, a highest and best value, which could net over \$2 million.

Butch Schwartzman, BKV Group, described the first fire station and Council determination that the second station had more area than needed and should be more of a satellite station. The plans have now been scaled back from 12,000 sq. ft to 9,000 sq. ft. Mr. Schwartzman explained their involvement to test the two-acre site to determine if it can properly work for a fully-functional fire station with turning movements and site clearances. He indicated that answer is "yes" and explained the updated plan utilizes the same footprint but reduces areas for fitness and other spaces that could be added in the future, if desired. Mr. Schwartzman displayed the conceptual floor plan to serve the existing fire apparatus, noting it is very efficient providing gear storage to support fire fighters, training, and break spaces. He then displayed cost estimates reflecting construction of \$1,960,000 and soft costs of \$450,000 with a total project of \$2,410,000. He explained that as the project is refined, the estimated costs could come down. Mr. Schwartzman presented the time frame required to construct such a facility with a 3-4 month design process, 6 week bidding/award period; 8-10 month construction period; equaling just over one year.

Councilmember McGlone indicated the Councilmembers did not have opportunity to review the reduced building plans prior to the Work Session. He raised the issue that meeting rooms are still included and asked if the building needed to be constructed of brick or block.

Councilmember Elvig asked staff to provide funding options.

Councilmember Tossey asked staff to also provide a list of what is mandated to include.

The consensus of the Council was to schedule discussion of the Fire Station 2 project for a future work session after the Council has had time to review the revised plans and information requested of staff. At that point, the Council will decide whether Mr. Schwartzman should attend the meeting.

3. FUTURE TOPICS FOR DISCUSSION

Noted.

4. MAYOR, COUNCIL AND STAFF INPUT

None

5. ADJOURNMENT

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

The Work Session meeting of the City Council was adjourned at 7:00 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.*