

**ECONOMIC DEVELOPMENT AUTHORITY
CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

The City of Ramsey Economic Development Authority (EDA) conducted a special meeting on Thursday, September 6, 2012, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson Chris Riley
 Member John LeTourneau
 Member Colin McGlone
 Member Wayne Skaff
 Member Jim Steffen
 Member Kristine Williams
 Member Jeffrey Wise

Also Present: Kurtis Ulrich, City Administrator
 Patrick Brama, Management Analyst
 Finance Director Diana Lund
 Colleen Lasher, Human Resources Manager
 Councilmember Randy Backous
 Councilmember David Elvig

1. CALL TO ORDER

Chairperson Riley called the Economic Development Authority meeting to order at 7:32 a.m.

2. APPROVE AGENDA

Motion by Member Skaff, seconded by Member Steffen, to approve the agenda as presented.

Motion carried. Voting Yes: Chairperson Riley, Members Skaff, Steffen, LeTourneau, McGlone, Williams and Wise. Voting No: None. Absent: None.

3. APPROVE MINUTES

This item has been removed from the agenda.

4. EDA BUSINESS

4.01: 2013 EDA Budget and Levy

Management Analyst Brama thanked the Authority for making it to a special meeting on short notice. He explained the purpose of said special meeting is to develop a recommendation to the City Council for the 2013 EDA Levy. The EDA Levy is a part of the City-wide levy; therefore,

a change can affect the levy approved by the City Council. The preliminary levy will be reviewed at the City Council meeting of September 11. Mr. Brama noted the proposed 2013 levy is attached as well as the actual numbers from the 2010, 2011 and 2012 levy. He pointed out that what has changed from 2012 to proposed 2013 is a decrease from 172,000 to 106,000 which equates to a \$66,000 net decrease. The chief reason is personnel – two vacated positions – Deputy City Administrator and the EDA Marketing Director. The levy is divided into two separate sections. The operating cost increased slightly but does not include City personnel. With regard to the reduction and functions; it does not reflect a reduction in the core functions of the EDA, it reflects a change in allocation of those functions, e.g. an increased role from an economic development consultant and administrative staff. Mr. Brama called attention to the proposed budget/levy included in the agenda.

Finance Director Lund stated that page 4 of the budget presentation shows that the other line items, outside of personnel, have stayed constant or increased. She suggested that if an Economic Development/HRA Manager were rehired, 20 percent of those personnel costs would come from the EDA, 20 percent would come from TIF, and 60 percent from HRA. Ms. Lund showed the levy comparison. The City-wide levy proposed for 2013 is \$8 million compared to \$8.4 million for 2012. The HRA is at the maximum but has been reduced by \$40,000 based on what's happened with market value.

City Administrator Ulrich reported that what's driving this in terms for the City Council is the tax capacity rate. It is just under 40% which has continually gone up because even if we decrease it, it still goes up due to the drop in property valuations. It pushes our tax rate up so there is pressure to reduce the levy. The EDA has an excess of over \$200,000 that they could levy and the City Council ultimately has to approve that. The pressure is to try to keep that down overall. If the EDA levied additional dollars, that would go into a fund balance to provide working capital for development purposes. If the EDA goes above what's proposed, it would be good to target that money and give a good explanation to the City Council as to why you desire to do this – such as a specific project, etc.

Chairperson Riley stated he wants to understand the process that brought us here. The EDA gave direction in June that the EDA budget should remain the same; however, the next time we see it - it's a different amount. A couple months pass and there is no budget review on our agenda and now the budget review requires a quick – special meeting. He suggested that what was the consensus of the EDA was never brought to the Council.

Mr. Ulrich stated he understood when the budget was presented in June, the main staffing component was too high – new EDA personnel were included. The levy, as proposed, was shifting personnel and having the HRA pay a higher percentage of these positions. It was not meant to be misleading. He added he is accepting the responsibility for not bringing the budget back to the EDA. The direction was to add different staffing and keep line items the same. He realized this should have come back to the EDA sooner, apologized, and added he did not have a good excuse for not getting this done.

Chairperson Riley reiterated that in June, the EDA's consensus was to keep the levy consistent. We reduced it 38 percent the year before and wanted to keep everything the same for 2013. He inquired if it makes sense to discuss both the levy and the budget at this time.

City Administrator Ulrich replied that they do go hand in hand.

Chairperson Riley stated that no increase or decrease was the consensus in June.

Member Wise stated that the budget is not really changing. It's shifting where personnel will be paid out of. The EDA still has the same amount of money.

Mr. Ulrich stated that is essentially correct. If you just want to shift that from the HRA, the EDA budget/levy will rise, and the HRA's will drop. One of the reasons for the shift is to keep the tax capacity rate low and shift to the HRA as that does not affect the tax capacity rate.

Finance Director Lund stated that the tax capacity is 44.7% - last year it was 44.15%. There is a decrease in the market rate and she explained what that means in dollars.

Member Steffen inquired on the allocation of the EDA position – 60 percent goes down to 20 percent – is that meaningful or just a shell game. He felt that 20 percent seems out of line.

Mr. Ulrich replied it is somewhat arbitrary in terms of how we determined it. It's not really recorded time for time but a percentage of each person's time who works with the EDA is devoted to the EDA budget.

Ms. Lund talked about TIF projects and stated that we could say 40 percent could come out of TIF.

Member Steffen asked if there is a timeline to start advertising for this EDA/HRA position.

Mr. Ulrich responded that it would be a final decision made by the City Council and added that we have not yet had the formal go-ahead by the Council.

Member LeTourneau commented on the overall functions of the EDA – it's about taking a look at different opportunities we have created and it's about developing and it's about business, revenue streams, etc. He pointed out he is a little uncomfortable because we have not done anything formal in planning this so we do not have specifics where we would use the money. His concern is that we have this money when we need it more than ever. Nothing is really targeted – it looks like we will have real issues outside The COR. He added he is really excited about all that is going on in The COR. One way to protect ourselves is we need to be proactive on the levy side. We need to be able to move forward aggressively to bring in new businesses. We need to have that tax levy we had last year to allow us to have resources we need to do the work we need to do.

Motion by Member LeTourneau, seconded by Member Williams, to recommend that the tax levy for the EDA be reflective of what it was last year.

Further discussion: City Administrator Ulrich questioned if it is the intent of the EDA to shift staff or raise additional levy for the EDA. Member LeTourneau clarified to have additional money for the EDA to use – not a staffing deal. Chairperson Riley stated we have already given the direction that we need staff - that has not changed. For this to be effective, we need an economic development person – not 10 percent of other staff time. Member Steffen commented that the EDA share would remain at 20 percent – so we would have a surplus going into our reserve. Member LeTourneau replied yes. Finance Director Lund stated she can put it under a capital line item so it balances out. Chairperson Riley stated that if we have land opportunities, we need to have money for that. Member LeTourneau noted we are not very specific right now but there are opportunities out there. Member McGlone stated that part of the City Councilmember function is to bridge the gap between this body and the City Council. Looking at the information passed out at the meeting, the City Council still has to deal with reductions and revenues and take on all functions of the City as well. It's very difficult to do. All our decisions will never make everyone happy. We try very hard to keep the money toward EDA efforts. You made a comment about not having anything targeted. We do. We are developing what will be more than a million dollar asset out our front door. Is it adequately funded to bring in business? We struggle with balancing that. We need to make sure we do not lose track with where we are and what we have going. Member McGlone continued that with regard to timing of this meeting – that's staff's call. He just wants to overall say to the EDA we are under pressure to keep everything going and be absorbing year after year in this property valuation declining time.

Motion carried. Voting Yes: Chairperson Riley, Members LeTourneau, Williams, McGlone, Skaff and Steffen. Voting No: Member Wise.

Chairperson Riley inquired if the EDA will get a budget proposal to talk about. He realized this is just the levy being talked about today but the two do go hand in hand. He inquired if there will be a finalized budget shortly.

Finance Director Lund stated the budget is adopted in December. We set the levy and then hold different sessions prior to December to work on the budget for final levy and final budget. The line items have not changed and that pretty much follows the budget. There is a little over \$600,000 in the EDA account plus the revolving fund and the sale of the Nordvik property.

Chairperson Riley clarified that the EDA will have another look at the budget to which Ms. Lund replied yes.

City Administrator Ulrich summarized that the City Council sets the preliminary levy next Tuesday and the final numbers cannot go above that.

Member McGlone added that the Council sets the levy and then we decide about reducing it. We set the levy higher than it normally ends up being because we cannot raise it – we can only lower it.

Ms. Lund elaborated on that stating that we cannot raise it but we do not have actual numbers on property values, etc.

Member Williams questioned if the EDA will have a discussion about its budget.

Finance Director Lund responded yes, and reiterated that the final budget will be adopted in December; therefore, budget discussions will take place prior to then. You can increase your budget if you have another revenue source.

City Administrator Ulrich reported that by the next EDA meeting, we will know City Council's action on the levy.

Councilmember Elvig asked about the EDA's goals and suggested that perhaps that would be the next objective – determining what will be done with the funds.

5. MEMBER / STAFF INPUT

City Administrator Ulrich stated that the City Council and the HRA have had some discussion about the County HRA levy and how that could potentially be used to reduce our overall levy. There is \$236,000 possibly available to us for HRA projects. At this time, the City Council is saying we would like to look at it and see how it might impact the HRA levy. We will work through that discussion. There are additional monies out there generated through the County's HRA.

Chairperson Riley noted that the tax capacity is not really the overall tax.

Mr. Ulrich replied it's a percentage of what the individual property owner would pay.

Chairperson Riley suggested that if we increase one and decrease another, there is no tax increase but the tax capacity could go up.

Mr. Ulrich responded yes – it's a shifting of dollars but the taxes stay the same.

Member Wise stated that a lot of people look at that number and it really is a shell game but when businesses look to locate in an area, that's what they look at. It is good public relations to keep that low.

6. ADJOURNMENT

Motion by Member LeTourneau, seconded by Member Williams, to adjourn the meeting.

Motion carried. Voting Yes: Chairperson Riley, Members LeTourneau, Williams, McGlone, Skaff, Steffen and Wise. Voting No: None. Absent: None.

The regular meeting of the Economic Development Authority adjourned at 8:10 a.m.

Respectfully submitted,

Kurtis G. Ulrich
City Administrator

ATTEST:

Patrick Brama
Management Analyst

Minutes taken and transcribed by Jo Thieling, City Clerk