

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

The Ramsey City Council conducted a City Council Work Session on Tuesday, November 27, 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
Finance Director Diana Lund
Fire Chief Dean Kapler
Police Chief James Way
Human Resources Manager Colleen Lasher
Public Works Superintendent Grant Riemer
Development Services Manager Timothy Gladhill
Councilmember-Elect Mark Kuzma
Councilmember-Elect Chris Riley
Interim Engineer Shane Nelson

1. CALL TO ORDER

Mayor Ramsey called the City Council Work Session to order at 5:53 p.m.

2. TOPICS FOR DISCUSSION

2.01: 2013 Levy & General Fund Budget

Finance Director Lund reviewed the staff report and presented the 2013 Levy and General Fund budget that will be presented again at the December 11, 2012, public hearing. She requested Council input on funding for 2013 capital purchases.

Mayor Ramsey noted that one of the slides shows Champlin is lower than Ramsey in taxes; however, Champlin has a franchise fee that is not factored in. He suggested the slide show the net dollars residents pay instead or that Finance Director Lund mention the cities that use franchise fees to cover some costs.

Councilmember Elvig noted there are also services (police, fire) that some cities contract for but Ramsey provides to its citizens.

Finance Director Lund continued presentation of the 2013 Levy and General Fund budget by reviewing the 2013 notable budget items.

Mayor Ramsey noted the preliminary budget had included 16 police officers.

Finance Director Lund indicated that information had been updated in the budget book.

Councilmember Backous asked about the Engineering Department budget for personnel, noting it is shown as a reduction.

Finance Director Lund explained that the consulting engineering contract is supposed to go away and one engineering position is to be filled. She stated if the Council would like to issue capital equipment certificates to fund capital items, it would be at a 1.7% interest rate and increase the levy starting in 2014 by about \$255,000. If levying, it allows the City to take advantage of the all time lowest interest rates and leaves the fund to use when interest rates go higher. She asked for direction if the Council supported issuing capital certificates in 2013 for those items and possibly becoming a levy in 2014 or the City could use the Capital Equipment Fund to pay the levy portion.

Councilmember McGlone stated when the Council discussed this previously, he had raised the option of leasing.

Finance Director Lund stated the Council had previously discussed the mower. The lease would be \$20,000 a year for four years, which equaled the total cost of the mower. The option of capital equipment certificates would spread the cost over ten years.

Public Works Superintendent Riemer stated the lease would be for five years with a one-year warranty and a one-year extended warranty. The cost for the equipment is divided into four years and the fifth year is \$1. The interest rate would be 2.5%.

Councilmember McGlone noted this results in paying off the machine in four years instead of ten and the City would have an asset at that point that may be worth 50-60%.

Public Works Superintendent Riemer estimated the City will get \$10,500 on the mower it has had for eight years so it may be able to get between \$12-15,000 after five years.

Councilmember Elvig asked if it is a lease to own or straight lease.

Public Works Superintendent Riemer answered it is a lease to own.

Finance Director Lund asked the Council if it was comfortable with using equipment certificates.

Councilmember Strommen stated she is comfortable with it, noting the worse-case scenario is to make the payments from this fund if the Council does not want to use the levy. She felt equipment certificates would provide flexibility and take advantage of low interest rates.

Councilmember Wise agreed it is cheap money.

Councilmember Elvig stated he would like to build back the fund balances and use someone else's money at a low interest rate.

Councilmember Backous concurred and stated he has concerns with matching the useful life of the equipment to the use of the money.

Councilmember McGlone asked whether the City can rebuild the fund at a faster rate than the 1.7% interest that would be paid. He felt that nothing beats cash at the dealership.

Finance Director Lund explained how the interest earnings are pooled and last year it equaled \$77,000 based on \$3 million in the account.

Mayor Ramsey stated he will not be on the Council in 2014 so the decision is with the other members.

Councilmember Wise noted the life of the equipment could be matched to the loan term by making a down payment.

Councilmember Backous stated he supports having the flexibility and agreed the City can exercise that option, if needed.

Councilmember Strommen stated she also would rather preserve flexibility with the low interest rates because the City may need it in the future.

Finance Director Lund indicated it is listed as another funding source, and is not part of the levy.

Mayor Ramsey stated residents will notice the City spent \$9 million last year and \$10 million this year. He asked if using equipment certificates will drop the \$10 million figure.

Finance Director Lund stated it will not because the total expenditures are at \$10 million. She concluded presentation of the 2013 Levy and General Fund and asked whether the Council supported taking out Riverdale East project, which reduces road projects \$1.350 million to balance the budget.

The Council expressed no objection.

2.02: Review Proposed Amendments to SAC Credit Policy and Consider Policy for Credit Distribution

Development Services Manager Gladhill reviewed the staff report and asked whether the Council supported a policy to allow net SAC credits to be applied Citywide and to create a SAC Small Business Loan/Deferred Payment Program. He indicated that Finance staff is comfortable with moving forward. Development Services Manager Gladhill recommended the City monitor the

success and administrative overhead required to implement these two programs before considering a Minor Transfer Program. He indicated the EDA also supported staff's recommendation.

Mayor Ramsey stated this makes sense except for when a tenant moves out and it is re-leased because then an additional SAC/WAC would have to be paid, placing a burden on the property owner to have up front cash.

Councilmember Elvig agreed, noting the City can then get off the RALF program.

Development Services Manager Gladhill indicated staff had submitted an official comment about the RALF program that it does not allow a look back after 2013. He stated another community had submitted a similar comment that it had taken properties for public purposes and there is still reduced demand that will not come back. Development Services Manager Gladhill stated staff has not yet heard if that comment had been considered but the unofficial comment to staff was that whether the property was brought down last year or next year, it has taken down the property. The concern is how far back cities will be allowed to look.

Councilmember Elvig agreed that most times when looking at leased space (i.e., Subway) it is the landlord who covers the majority of the up front costs and this option would "steal" some of that equity from the owner. He noted if giving an EDA loan, the City does extensive background and financial checks but this seems to be a quick "rubber stamp loan" that the City would be responsible to collect. He asked who would be responsible for the payment should the tenant skip.

Development Services Manager Gladhill suggested a better title would be "deferred payment" instead of "loan." He explained if the tenant paid for four SAC and then a new user needs six SAC, the new user would be responsible for the additional two, not the City. The City could stop paying on those two SAC units and the new user would pay them. He clarified with the Small Business Program it is only deferring payments, not providing a loan.

Councilmember Strommen noted it is not being paid by the City, it is a "pay as you go."

Councilmember Backous asked whether a deferred payment mechanism can work in this scenario.

Development Services Manager Gladhill stated there is a minor transfer aspect with it and could be a combination but the main concern is that sometimes the landlord pays the SAC and sometimes the tenant pays the SAC.

Councilmember McGlone asked if Ramsey enters into a deal with the Metropolitan Council to afford a restaurant ten SACs on a deferred payment of ten years, is Ramsey then bound should the business (i.e., restaurant) go out of business in three years.

Development Services Manager Gladhill explained that the next tenant would be responsible for the gap, not the City. If the old use got to four SACs and the new use needed six SACs, then the new use would be responsible for the additional SACs. The City would not be obligated.

Councilmember McGlone stated his concern is the legal aspect in the City not giving a permit or occupancy because of the SACs.

Development Services Manager Gladhill explained there would have to be a loan agreement between the City, Metropolitan Council, and the building owner. That agreement could be recorded against the property so it becomes part of the title. Then, if whole payment is not made, the building owner would be responsible.

Mayor Ramsey asked what happens if the property owner says “no” or the tenant says “no.”

Development Services Manager Gladhill stated the property owner would have to be in agreement and staff would have to look into the scenario should the tenant not be in agreement.

Councilmember Wise pointed out this is no different than a utility where the customer is assigned a number.

Development Services Manager Gladhill noted the difference is that tenant spaces can move around and be reconfigured.

Councilmember Elvig stated it seems to be a loan from the Metropolitan Council to a Ramsey business and the City is the conduit.

Development Services Manager Gladhill explained that SAC involves a contract between the City and Metropolitan Council and many pass onto the end user. He indicated if there is Council support, this will be on the next City Council Consent Agenda.

The consensus of the Council was to support adoption of a policy to allow Net SAC Credits to be applied Citywide and to create a SAC Small Business Loan/Deferred Payment Program with staff to monitor the success and administrative overhead required to implement these two programs before considering a Minor Transfer Program.

2.03: Review Participation in North Suburban Home Show

Development Services Manager Gladhill reviewed the staff report and asked whether there was appetite to participate in the 2013 North Suburban Home Show and reevaluate after the event.

Councilmember McGlone advocated for the City to remove itself from the North Suburban Home Show since it has become involved in the Game Fair event, which is hosted in Ramsey and draws more people from Ramsey’s market area. He noted the North Suburban Home Show is hosted in Andover.

Councilmember Wise agreed that the Game Fair is a better use of the City's time and money and asked if there had been formal feedback from past North Suburban Home Shows.

City Administrator Ulrich stated staff talked about feedback and know that people from Ramsey do stop by the booths and have building construction questions.

Development Services Manager Gladhill stated the Committee was asked to gauge how many Ramsey residents participate but that can only be determined by the number of returned surveys. He estimated 300-400 out of the 1,300 to 1,500 attending the event, but attendance depends on the weather so it fluctuates from year to year.

Councilmember McGlone stated City Hall now has the Department of Motor Vehicles so anyone who needs to talk to a building inspector can do so without attending an event outside the borders of Ramsey. He noted the North Suburban Home Show only attracts several hundred Ramsey residents and he preferred an event held in Ramsey such as the Game Fair, Business Expo, and/or Happy Days.

Councilmember Elvig stated he thinks there is benefit to Home Shows but maybe not a direct benefit to Ramsey. He stated he would like an event where Ramsey could boast about its SAC/WAC programs and EDA programs.

Councilmember McGlone noted that recently Sam Leon, Acapulco Mexican Restaurants, hosted a restaurant mixer and maybe Mr. Leon would put on another event where all restaurateurs can be told about Ramsey's new SAC/WAC program.

Councilmember Strommen stated she has not attended the North Suburban Home Show but if the Council wants more opportunities to market the City, perhaps the Council should step back and discuss what to market and how to do it most effectively. She indicated she has no strong feelings about it but would like discussion on the focus of the message and how to communicate more generally, not which show is better than the other.

Councilmember McGlone stated he was talking about this type of marketing and advocated to do it at an event within Ramsey where more of its own residents attend.

Councilmember Strommen suggested the Council consider if there is another or better way to do that and to take the conversation a step further in how to market the SAC/WAC program as mentioned by Councilmember Elvig.

City Administrator Ulrich agreed there is need for a policy decision on how many events Ramsey can afford and commit staff resources. He stated it currently participates in six to eight events and should determine how to best manage those events, and what the City is trying to accomplish as mentioned by Councilmember Strommen. The North Suburban Home Show attracts 1,500 people but the audience reaches residential people to educate in how to go about the building process. It is not an audience of restaurateurs, business people, or CEOs. City Administrator Ulrich agreed with the need to look at getting the best value for the dollar and staff effort.

Mayor Ramsey noted it seems like a lot of staff time for this event considering the number of residents reached.

The consensus of the Council was to authorize staff to withdraw from participation in the 2013 North Suburban Home Show.

Councilmember McGlone left the meeting at 6:35 p.m.

3. FUTURE TOPICS FOR DISCUSSION

3:01 Review Future Work Session Topics / Calendar

City Administrator Ulrich reported that Representatives Abeler and Scott will attend on December 11, 2012.

Councilmember Tossey stated during Council Reports, he will be raising his conversation with Anoka Councilmember Weaver about holding a joint meeting specific to Highway 10, at which Representative Jim Abeler and Senator Branden Petersen will also to attend. He reported that last night there had been another tragic loss of life on Highway 10 and he has found all are now willing to help. Councilmember Tossey advocated for directing City Administrator Ulrich to coordinate that meeting.

The Council supported that suggestion.

Mayor Ramsey reported that Anoka Commissioner Look has indicated that Highway 10 is now the number one priority for Anoka County.

Councilmember Elvig reported on his attendance at a meeting of the Metropolitan Council's Land Use Advisory Committee that included updates on transportation and RALF.

Councilmember Tossey stated he learned that Anoka has similar issues with the RALF program and its purchase of The Vineyard property.

Councilmember Elvig stated it would be good for the Council to determine the best strategy for Ramsey and then pitch it to Anoka.

Development Services Manager Gladhill reported on activity with the North Commons plat that will start grading this fall and remove a tree line.

4. MAYOR / COUNCIL / STAFF INPUT

None

5. ADJOURNMENT

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

The Work Session of the City Council was adjourned at 6:47 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.