

**SPECIAL HOUSING AND REDEVELOPMENT AUTHORITY  
CITY OF RAMSEY  
ANOKA COUNTY  
STATE OF MINNESOTA**

The Housing and Redevelopment Authority conducted a Special Session meeting on Tuesday, June 5, 2012, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present:                   Chairperson Colin McGlone  
  Commissioner David Elvig (arrived at 7:54 p.m.)  
  Commissioner Bob Ramsey  
  Commissioner Sarah Strommen  
  Commissioner Jason Tossey  
  Commissioner Jeffrey Wise

Members Absent:                   Commissioner Randy Backous

Also Present:                       HRA Executive Director Kurtis G. Ulrich  
  City Engineer Tim Himmer  
  Fire Chief Dean Kapler  
  Parks Supervisor Mark Riverblood  
  Senior Planner Timothy Gladhill  
  Management Analyst Patrick Brama  
  Development Manager Darren Lazan

**1.     CALL TO ORDER**

Chairperson McGlone called the Special Session meeting of the Housing and Redevelopment Authority to order at 7:03 p.m.

**2.     CITIZEN INPUT**

There was none.

**3.     APPROVE AGENDA**

Motion by Commissioner Ramsey, seconded by Commissioner Wise, to approve the agenda as submitted.

Motion carried. Voting Yes: Chairperson McGlone, Commissioners Ramsey, Wise, Strommen, and Tossey. Voting No: None. Absent: Commissioner Backous and Elvig.

**4.     APPROVE MINUTES**

**4.01: Approve the Following Meeting Minutes:**  
**4.01.1: HRA Work Session – February 28, 2012**

- 4.01.2: HRA Regular Session dated February 28, 2012**
- 4.01.3: HRA Work Session dated March 20, 2012**
- 4.01.4: HRA Work Session dated March 27, 2012**
- 4.01.5: HRA Regular Session dated March 27, 2012**
- 4.01.6: HRA Work Session dated April 10, 2012**
- 4.01.7: HRA Regular Session dated April 24, 2012**
- 4.01.8: HRA Work Session dated May 1, 2012**
- 4.01.9: HRA Regular Session dated May 8, 2012**

Motion by Commissioner Ramsey, seconded by Commissioner Wise, to approve the following minutes: HRA Work Session dated February 28, 2012; HRA Regular Session dated February 28, 2012; HRA Work Session dated March 20, 2012; HRA Work Session dated March 27, 2012; HRA Regular Session dated March 27, 2012; HRA Work Session dated April 10, 2012; HRA Regular Session dated April 24, 2012; HRA Work Session dated May 1, 2012; and, HRA Regular Session dated May 8, 2012.

Motion carried. Voting Yes: Chairperson McGlone, Commissioners Ramsey, Wise, Strommen, and Tossey. Voting No: None. Absent: Commissioner Backous and Elvig.

## **5. HRA BUSINESS**

### **5.01: Consider Offer to Purchase Land – North Commons (portions may be closed to the public)**

Development Manager Lazan reviewed the staff report.

Commissioner Ramsey asked if the entire North Commons area is being encompassed or just the HRA parcels.

Development Manager Lazan stated it would encompass all of the parcels and reviewed the perimeter boundaries.

Commissioner Tossey asked if money has been put aside for the second lift.

City Engineer Himmer advised there is about \$180,000 in escrow from the former Town Center 8<sup>th</sup> and 10<sup>th</sup> Additions. However, the estimated cost for the two improvements mentioned by Development Manager Lazan is \$200,000 so there is not quite enough money in escrow. City Engineer Himmer noted it is anticipated that portions of this project will add extra money into the pool to complete that work.

Development Manager Lazan completed presentation of the staff report and financial proforma.

Commissioner Ramsey asked if the lot sale cost of \$45,000 and \$60,000 is realistic.

Development Manager Lazan stated it is aggressive pricing.

Commissioner Strommen asked about the expense side that includes income back to the HRA and City.

Development Manager Lazan explained he set up the proforma as if it was a separate project/development. Some of the income would flow back to the City so even if break even, there will be one-quarter of a million dollars of recovered land sales proceeds and one-quarter of a million dollars of development fees.

City Engineer Himmer noted the cost for sewer and water laterals are offset.

Development Manager Lazan explained the cost side is included and did not reduce the construction fees but reduced the development fees. Lateral fees will be assessed to a project and if water and sewer stubs to the property, that is the HRA's share of those costs. Development Manager Lazan indicated the HRA would have a zero profit proforma as a project but funds will flow to reimburse the HRA for land costs and utility and park fee reimbursements.

Chairperson McGlone noted it will also get the most challenged pieces of land "off our back," which will be a benefit.

Commissioner Wise asked if the HRA knows its costs per square foot plus holding and legal fees.

Development Manager Lazan stated the basis today on the land is about \$2/foot and the dashboard contains the costs for holding over time. He explained value was created in the deal structure and moving forward would close the gap. Development Manager Lazan advised the HRA received an offer and earnest money was placed in the form of a check. Staff issued a purchase agreement draft that is currently under due diligence process. Development Manager Lazan advised there was rumor that lots are selling for as low as \$15,000 to \$20,000 and discussion held to get to \$35,000. He stated he wanted to present the proforma, what a zero net proceed delivers to the City, and impact of downward pressure on lot sale price.

HRA Executive Director Ulrich noted another offset will be changing the land from tax exempt to taxable with value. He indicated the biggest risk is that the HRA puts up front costs into the project should the lots sell slower than anticipated in the proforma or have to be discounted to get them sold.

Development Manager Lazan noted this property is outside the TIF District and the builder is interested in one to three lots this year and having a house open for the Parade of Homes. He agreed the pace in closing lots is the risk component in being the developer.

Commissioner Ramsey asked about dropping the lot cost and having the developer take on construction commitments to forego some of the risk.

Development Manager Lazan explained the idea is to pull some risk from the developer to bring the price to a break-even proforma. The HRA is taking on some of the risk and acting as the developer, would get the entitlement, file the plat, create the lots, and close on a lot-by-lot basis

according to the schedule. He stated the HRA could wait three to four years until the market improves but the return of investment is to get homes built, park dedication, and create synergy that is of benefit.

Chairperson McGlone felt someone has to develop it or the lots will never sell.

Commissioner Strommen noted it indicates “funding source to be determined” and asked what is the funding source to cover the up-front costs of acting as the developer.

Development Manager Lazan explained the HRA is paying itself for the land and development fees can come in over time but professional fees and construction costs are up front.

HRA Executive Director Ulrich stated in order to ensure the City has the cash to carry through; it would encumber undesignated money from the Landfill Trust Fund so it would not impact the General Fund tax base.

Development Manager Lazan stated the HRA will sell one lot within 60 days and receive earnest money.

It was noted that under Minnesota Statutes, the meeting can move into closed session to discuss confidential or non-public appraisal data and acquisition negotiations. Development Manager Lazan indicated closed session discussion will relate to the sale of property located at Bunker Boulevard and Azurite Street NW, known as the North Commons residential parcels, and creation of roughly 17 residential lots on HRA property as well as platting of the parkland associated with North Commons. The closed session will be tape recorded and that tape will be maintained for a period of eight years.

Motion by Commissioner Ramsey, seconded by Commissioner Wise, to move to closed session.

Motion carried. Voting Yes: Chairperson McGlone, Commissioners Ramsey, Wise, Strommen, and Tossey. Voting No: None. Absent: Commissioners Backous and Elvig.

The Special Session HRA meeting moved into a closed session at 7:23 p.m.

The Special Session HRA meeting was opened to the public 7:50 p.m.

Development Manager Lazan stated the HRA held discussion and no final decision was reached on the Purchase Agreement.

The consensus of the HRA was to support the proforma for the proposed North Commons area.

The HRA agreed to reorder the agenda to next consider Case 5.03.

### **5.03: Review Single Family Lot Creation at North Commons – Grading and Soil Corrections**

Parks Supervisor Riverblood reviewed the staff report.

Commissioner Elvig arrived at 7:54 p.m.

Commissioner Ramsey asked if soil borings had been done and why they did not reveal the extent of the organics.

City Engineer Himmer advised the borings were done and showed some organics, such as sod and clay, in a two to three foot thickness across the area of 250 feet. The soil borings were not done when this project moved forward so that information was not available at that time.

Commissioner Ramsey asked if there was not time to come back and ask the Council for an additional \$10,000.

Parks Supervisor Riverblood explained this problem was not anticipated in this area but it was learned that Rehbein salvaged sand and brought back organics. At the same time, the HRA had a buyer for the lots that wanted to fast track for the Parade of Homes. It was decided to move forward because of that and the cost of pulling the contractor off and then getting them back would have cost \$5,000 to \$10,000 in mobilization.

Commissioner Ramsey stated he understands why it was moved forward but the problem should have been known when three soil borings showed organics.

Commissioner Strommen noted it was indicated the extent of the organics was not known from the three borings.

HRA Executive Director Ulrich acknowledged it is a lesson learned that soil borings are needed prior to mobilizing. In this case, there was not much choice but to move forward. He agreed if the City was going to be responsible for soil corrections, staff needed to do a better job of identifying risk ahead of time.

Chairperson McGlone felt that lesson should have been learned from the water tower project.

Commissioner Tossey agreed there had been pressure from a buyer and Parade of Homes schedule and noted this is a relatively minor change order compared to the water tower change order.

Chairperson McGlone agreed with the need to drill holes prior to mobilization.

Commissioner Ramsey stated he can support the additional cost but wanted to know the process of what had happened.

Commissioner Elvig stated this project is to create lots for sale for housing and noted many houses are built on less than perfect soils. He asked why this soil correction had to be done.

Chairperson McGlone explained the organic soil discovered was not usable.

Fire Chief Kapler confirmed that was the case and stated it was imported soils, not natural soils.

Chairperson McGlone stated if dump trucks of organics were brought in, it can be assumed we will find same problem and there needs to be more due diligence next time.

Commissioner Elvig asked how deep the organic soils go.

Chairperson McGlone declined asking staff to respond and asked if there were other questions.

Commissioner Elvig stated he would like his question answered.

Commissioner Strommen asked where COR Revolving Funds come from.

HRA Executive Director Ulrich explained it is a special project fund established for The COR.

Commissioner Strommen asked if the COR Revolving Fund is the same as funding from land proceeds.

HRA Executive Director Ulrich answered it is essentially the same thing but the Revolving Fund may include revenues other than land proceeds, such as interest earnings.

Commissioner Tossey stated concern that the owners know the location of the property boundary, noting the walking path is public property and not included.

Parks Supervisor Riverblood stated at Brookfield the City placed markers on the lot line that said, "private property do not enter" and on the other side said "public trail."

Commissioner Ramsey felt the property owner could install a boundary marker, if desired, thinking this is no different than Northfork lots that abut a golf course.

Commissioner Tossey explained he wanted to assure the property owner did not assume their property extended all the way through the walking trail.

Motion by Commissioner Tossey, seconded by Commissioner Ramsey, to approve funding the overage cost for earthwork at North Commons in the amount of \$9,812 from the COR Revolving Fund.

Motion carried. Voting Yes: Chairperson McGlone, Commissioners Tossey, Ramsey, Strommen, and Wise. Voting No: None. Absent: Commissioner Backous. Abstain: Commissioner Elvig.

Commissioner Elvig stated he abstained from the vote because his question had not been answered so he was unable to get the information needed.

Commissioners Elvig and Tossey left the meeting at 8:09 p.m.

## **5.02: Consider Option for the Preparation of Land for Development – Sunwood Retail**

Development Manager Lazan reviewed the staff report.

Chairperson McGlone asked if sufficient borings will be taken.

HRA Executive Director Ulrich answered in the affirmative and stated borings will also be taken on the site where the fill will be placed.

Commissioner Ramsey asked about dewatering.

City Engineer Himmer explained the intent is to not excavate below the water table because then the material would have to be dried. He noted this means the site will go from having mounds of stockpiles to a large hole. Staff will also address how to restore the site and reconfigure ponding.

Commissioner Ramsey noted Lake Ramsey is in the plan but the Council had also discussed reconfiguring it or not including it.

Development Manager Lazan explained the scope will include plans specific to this corner to determine the extent of the excavation but would commit excavating a portion of the Ramsey Lake.

City Engineer Himmer estimated it will involve excavating about one-half of Lake Ramsey.

Development Manager Lazan indicated the earth work estimates did not go deeper than eight feet, a minimum depth.

Chairperson McGlone stated he heard the school will be postponed for one year due to monetary reasons and it is likely the school has stockpiled a lot of material. He noted if the City does not excavate here it could use that offsite fill and maintain flexibility in this area for the future.

City Engineer Himmer stated staff met with Legacy several weeks ago because it has about 60,000 yards of material. However, Legacy said it will be clay and not usable for road projects but it would be open to allowing a deal for that material for other uses like green spaces.

Commissioner Strommen asked if this is the most efficient way to get this done.

City Engineer Himmer answered in the affirmative and noted the cost is \$10 to \$12/yard to import native fill material and this would cost about \$4/yard.

Commissioner Ramsey stated he supports staff's recommendation, even if it excavates only one-half of Lake Ramsey and allows for reconfiguration and other options in the future.

Motion by Commissioner Ramsey, seconded by Commissioner Wise, to approve the proposed scope of services and request staff to add the proposed scope to the current project out for bid,

and to direct the development team to prepare an agreement with the City for the proposed funding, as discussed.

Motion carried. Voting Yes: Chairperson McGlone, Commissioners Ramsey, Wise, and Strommen. Voting No: None. Absent: Commissioners Backous, Elvig, and Tossey.

City Engineer Himmer advised staff will present a case next week on the budget and funding scenario for this project along with acquisitions.

### **5.03: Review Single Family Lot Creation at North Commons – Grading and Soil Corrections**

This case was considered prior to Case 5.02.

### **5.04: Discuss Development Plan 6.0**

The HRA agreed with the suggestion of Commissioner Strommen that this topic be presented for informational purposes but discussion and decision be held until a full HRA is in attendance.

Development Manager Lazan reviewed the staff report.

Commissioner Wise asked if the cable currently being buried will have to be moved.

City Engineer Himmer indicated that is a County initiative and they are aware of this realignment project. In addition, conduit will be placed in Sunwood Drive that can be spliced into in the future. City Engineer Himmer added that the seed mix will be low maintenance.

Commissioner Ramsey stated the City needs to assure the proper utilities are being placed if it is known how it will be developed.

Development Manager Lazan completed presentation of Development Plan 6.0.

Commissioner Ramsey asked if it is possible to design the road alignment so it can accommodate a roundabout in the future.

Development Manager Lazan answered in the affirmative.

Commissioner Ramsey stated he hears townhomes will not be built for a long time and asked why a different use is not being contemplated.

Development Manager Lazan stated they could consider a different use but this is the only townhome area in The COR.

Senior Planner Gladhill noted access spacing is an issue if not townhomes on that corner.

Commissioner Ramsey stated he was not suggesting retail for the corner but, perhaps, something like Glendale, a high-end senior community.

Development Manager Lazan stated there had been interest in townhomes for this area so it was left in Version 6.0 but there was also interest in an apartment for a portion of this corner site.

Commissioner Wise noted townhomes is only a holding place and if something else comes in it will be entertained.

Commissioner Ramsey indicated he sees no problems with Version 6.0.

City Engineer Himmer advised that the two wetland pieces will be considered for sequencing analysis by the LRRWMO in June.

Commissioner Strommen stated she does not see a problem with LRRWMO consideration of the wetland pieces.

Senior Planner Gladhill stated staff will prepare a memorandum on the new development plan that explains in detail what the changes mean to other adopted plans.

## **6. EXECUTIVE DIRECTOR'S REPORT**

HRA Executive Director Ulrich reported the June 12, 2012, agenda will include presentation of the dashboard, consideration of exit strategy, development plan Version 6.0, funding for Armstrong improvements, and update on International Conference on Shopping Centers (ICSC).

Development Manager Lazan presented updated COR marketing materials. He also reported that PSD executed the Master Declaration, a binding agreement and staff was moving forward to schedule meetings with the townhome owners association and master association to get vote on the second amendment.

Commissioner Ramsey asked what the process had cost.

Development Manager Lazan stated it was a two-year process with considerable legal fees, estimating in excess of \$100,000. He noted the County is currently subject to the Master Declaration and asked for thoughts whether the Management Team should reach out to the County.

Prior to discussing exit strategies, Commissioner Ramsey requested staff provide a summary and chronology of events since the beginning.

## **7. COMMISSIONER INPUT**

None.

## **8. ADJOURNMENT**

Motion by Commissioner Ramsey, seconded by Chairperson McGlone, to adjourn the special session meeting of the Housing and Redevelopment Authority.

Motion carried.

The special session meeting of the Housing and Redevelopment Authority adjourned at 8:45 p.m.

Respectfully submitted,

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Kurtis G. Ulrich  
HRA Executive Director

ATTEST:

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Jo Ann M. Thieling  
City Clerk

Drafted by Carla Wirth  
*TimeSaver Off Site Secretarial, Inc.*