

**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 12, 2013, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Mayor Sarah Strommen  
Councilmember David Elvig  
Councilmember Mark Kuzma  
Councilmember John LeTourneau  
Councilmember Chris Riley  
Councilmember Jason Tossey

Member Absent: Councilmember Randy Backous

Also Present: City Administrator Kurtis Ulrich  
Police Chief James Way  
Public Works Superintendent Grant Riemer  
Human Resources Manager Colleen Lasher  
Development Services Manager Timothy Gladhill  
Management Analyst Patrick Brama  
City Attorney William Goodrich

**1. CALL TO ORDER**

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

Mayor Strommen advised that Case 3.03 will be removed from the agenda as Fire Chief Kapler is unable to attend.

**2. TOPICS FOR DISCUSSION**

**2.01: Discussion Regarding 2013 Union Contract Negotiations with AFSCME (Portions were closed to the public.)**

Human Resources Manager Lasher advised that under Minnesota Statutes, Section 13D.03, the meeting can move into closed session to discuss labor negotiations strategy for the City's union contracts. She indicated closed session discussion will relate to 2013 negotiations for the AFSCME union contracts. The closed session will be tape recorded and that tape will be maintained for a period of eight years.

Motion by Councilmember Tossey, seconded by Councilmember Kuzma, to move to Closed Session to discuss labor negotiations.

Motion carried. Voting Yes: Mayor Strommen, Councilmembers Tossey, Kuzma, Elvig, LeTourneau, and Riley. Voting No: None. Absent: Councilmember Backous.

The City Council meeting moved into a Closed Session at 5:54 p.m.

The City Council reconvened in Open Session at 6:23 p.m.

It was noted the Council held discussion and authorized staff to further negotiations.

## **2.02: 15153 Nowthen Boulevard: Review Cost Benefit Analysis of Former Municipal Center Site**

Management Analyst Brama reviewed the staff report.

Councilmember Elvig noted in the past, this property was sought after for high-density housing and questioned if there was appetite for that option. He stated there could be \$100,000 to \$120,000 per acre for this 20-acre site.

Management Analyst Brama stated a high-density housing analysis was not included, but could be conducted.

Development Services Manager Gladhill stated staff has looked at medium- to high-density residential previously but the Council's appetite was lukewarm unless a senior housing project. Because of that, staff did not invest additional resources in undertaking that analysis.

Councilmember Elvig agreed it may not be the right timing to consider residential but he wanted to raise that option since there was market interest at one time, noting there is also a school across the street.

Management Analyst Brama presented staff's analysis of potential revenues, expenses, and one-time land transaction. He reviewed an updated bond analysis, preliminary analysis for Fire Station funding, and next steps.

It was noted that staff reviewed the cost/benefit analysis and reached the following conclusions:

- 1) From a one-time land transaction scenario perspective, a residential development scenario results in a higher general tax revenue stream than does a residential development. 1 Data Center = \$276,742; 2 Data Centers = \$223,714; and, Residential = \$28,263.
- 2) From a one-time land transaction scenario perspective, a residential development scenario results in a higher return for the City. Data Centers – 0 - \$500,000; Residential = \$1,000,000.
- 3) Considering the City's strategic plan of using revenues from the Subject Property to pay for a new fire station, Staff would conclude Data Center scenarios provide a stronger and more complete financial solution than does a residential development.

Management Analyst Brama presented options available for consideration and indicated staff recommends the City move forward with pursuing a Data Center user(s). He noted this option provides a solution to finance the City's new fire station and the only foreseeable drawback is a potential negative reaction from the public relative to land use planning. To address the unknown variable of public feedback, Staff recommends an open house to complete the land use analysis.

Councilmember Elvig stated this is good information, as is staff's recommendation for two buildings since it would be more marketable. However, he has a problem with starting the conversation saying the City will have to give away the land. He preferred to start a bidding war for this property so the City's funds can be recovered. Councilmember Elvig noted an appraisal may work against the City but for a data center, this is a prime location in this quadrant of Anoka County and he thinks there will be competition. He challenged staff to develop that type of strategy and formula.

City Administrator Ulrich stated for a public presentation that is a good portrayal, as having market value at \$1.3 million. But even with zero proceeds, staff's analysis demonstrated that due to annual tax, the payback term is relatively short at five to six years. However, it would not pay to construct a Fire Station. He concurred the City should not start negotiations by indicating the City is willing to give away the land.

Councilmember Tossey stated he has heard a lot of "what ifs" and is not prepared to take a position that this will be the greatest location for a data center in Anoka County so the City will give the land. He stated support for Concept 3, thinking it is the only sure way the City will get money for the property. He felt there were too many unknowns with Concepts 1 and 2 and he would not feel comfortable with those risks unless there was a buyer in hand.

Development Services Manager Gladhill stated to give the broadest options, the property could be rezoned R-1 with an overlay zoning district for a data center in case the right user presents itself. Then a data center would know of that opportunity but it would give the City the greatest flexibility.

Councilmember Kuzma asked what the position of Connexus Energy is.

Management Analyst Brama stated Connexus Energy has been approached by prospects about this site, so they became interested since data centers are high users of energy. He stated his understanding that Connexus Energy conducted an analysis of this site and paid a \$3,000 fee to the State of Minnesota to get this site certified. Management Analyst Brama stated the City is not locked into a data center development should something else come forward but consideration is whether to give direction to staff to market the site.

Councilmember Elvig stated in marketing sometimes a focused "laser shot" can be the most effective approach and he likes what Councilmember Tossey said about being more market-sensitive and letting the whole market drive the use. He noted the City is out of industrial park sites and an overlay district would act in that way for light industrial and allow staff to market the site while still having it zoned residential to keep the market value higher.

Councilmember Riley stated he does not want to “chase rainbows” but the City was not looking to make this happen, Connexus Energy came to the City because it had been looking for sites in Anoka County.

Councilmember Tossey stated other developments (Legacy / Suite Living) also came to Ramsey but did not happen. He stated he supports the option raised by Development Services Manager Gladhill about rezoning and having an overlay district.

Mayor Strommen stated this is more about signaling that the City is willing to work with a data center and entertain that option if such a project comes forward. At the same time, not focusing so much that it appears desperation to only consider that one use (data center).

City Administrator Ulrich advised that data centers are not eligible for Tax Increment Financing (TIF) and the zoning hearing with the neighborhood could get contentious as a data center is an industrial looking use and it would be located in the back yards of a residential neighborhood.

Councilmember Elvig asked what would be the plan for marketing at this point.

City Administrator Ulrich stated staff recommends getting it out to the neighborhood prior to expending resources for marketing.

Management Analyst Brama stated Connexus Energy has indicated they would pay the costs to market and staff this effort.

The consensus of the Council was to direct staff to move forward with marketing and positioning the former municipal center property for a Data Center(s) by moving forward with an open house, developing a zoning proposal, and recognizing environmental conditions.

### **2.03: Rebuild of Fire Station #2**

This item was removed from the agenda.

### **2.04: Consider Offer to Purchase City Owned Property Located at 14280 Azurite Street NW**

This item was not considered due to the late hour.

## **3. FUTURE TOPICS FOR DISCUSSION**

Noted.

## **4. MAYOR / COUNCIL / STAFF INPUT**

None

**5. ADJOURNMENT**

Mayor Strommen adjourned the Work Session of the City Council at 6:55 p.m.

Respectfully submitted,

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Kurtis G. Ulrich  
City Administrator

ATTEST:

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Jo Ann M. Thieling  
City Clerk

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