

City of Ramsey
Agenda
Housing and Redevelopment Authority (HRA)
Regular Session
Tuesday May 28, 2013
Immediately Following City Council
Council Chambers, 7550 Sunwood Drive NW

1. **Call to Order**
2. **Citizen Input**
3. **Approve Agenda**
4. **Approve Minutes**
 1. Approve the Following Meeting Minutes:
 1. HRA Regular - May 14, 2013
5. **HRA Business**
 1. COR III North Commons
 2. Proposal for Mechanic's Lien Settlement regarding Landform COR II Claims
6. **Development Team Report**
7. **Commissioner Input**
8. **Adjournment**

HRA Regular Session

4. 1.

Meeting Date: 05/28/2013

Submitted For: Jo Thieling

By: Jo Thieling, Administrative Services

Information

Title:

Approve the Following Meeting Minutes:

1. HRA Regular - May 14, 2013

Background:

Meeting minutes attached.

Funding Source:

N/A

Action:

Motion to approve the following meeting minutes

1. HRA Regular - May 14, 2013
-

Attachments

051413HRA

Form Review

Form Started By: Jo Thieling

Started On: 05/23/2013

Final Approval Date: 02/07/2013

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

The Housing and Redevelopment Authority conducted a regular meeting on Tuesday, May 14, 2013, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson Randy Backous
 Commissioner Mark Kuzma
 Commissioner John LeTourneau
 Commissioner Chris Riley
 Commissioner Sarah Strommen

Members Absent: Commissioner Jason Tossey

Also Present: HRA Executive Director Kurtis G. Ulrich
 Deputy Executive Director Timothy Gladhill
 Finance Director Diana Lund
 Public Works Superintendent Grant Riemer
 City Engineer Bruce Westby
 Assistant to the City Administrator Patrick Brama
 City Attorney William Goodrich

1. CALL TO ORDER

Chairperson Backous called the regular meeting of the Housing and Redevelopment Authority to order at 7:44 p.m.

2. CITIZEN INPUT

There was none.

3. APPROVAL OF AGENDA

Motion by Commissioner LeTourneau, seconded by Commissioner Riley, to approve the agenda as revised to add Case 5.03: Consider Purchase Agreement for Highway 10 Property.

Motion carried. Voting Yes: Chairperson Backous, Commissioners LeTourneau, Riley, Kuzma, and Strommen. Voting No: None. Absent: Commissioner Tossey.

4. APPROVAL OF MINUTES

Motion by Commissioner LeTourneau, seconded by Commissioner Kuzma, to approve the following minutes:

Regular Meeting Minutes dated April 23, 2013

Motion carried. Voting Yes: Chairperson Backous, Commissioners LeTourneau, Kuzma, Riley, Strommen, and Tossey. Voting No: None. Absent: Commissioner Tossey.

5. HRA BUSINESS

5.01: Adopt Resolution #HRA-13-05-080 Accepting Plans and Specifications and Authorizing Advertisement for Bids for COR TWO (Sunwood Retail) Stage 1 Improvements

City Engineer Westby reviewed the staff report, two alternates, and staff's recommendation that the HRA adopt Resolution #HRA-13-05-080 Accepting Plans and Specifications and Authorizing Advertisement for Bids for the COR TWO (Sunwood Retail) Stage 1 improvements. Staff also recommends approving bidding the construction of the temporary stormwater improvements at this time as this will significantly reduce initial construction costs while allowing for greater flexibility for future site development proposals. City Engineer Westby advised that the estimated project cost has been adjusted down to \$280,000. He reviewed the funding sources and noted that their actions would not result in authorizing construction, as bids will need to come back for Council approval at a future meeting.

Commissioner Strommen asked when the plans and specifications will be received and if the contract contained a deadline.

Deputy Executive Director Gladhill stated he would have to review the contract to determine if it contains a deadline.

City Engineer Westby stated staff anticipates receiving the documents before the next HRA meeting.

Chairperson Backous stated he would like that information and Landform to perform as indicated in the contract.

Commissioner Strommen asked that the HRA receive notice when the documents are received.

Commissioner LeTourneau asked how a bid can be let when the plans and specifications are not yet completed.

City Engineer Westby stated staff completed a thorough review of the initial plans and found nothing that would cause concern. He stated he believes the plans will be ready to bid and there should be no issues addressing staff's comments. To move the project forward and allow development of McDonald's parcel, HRA approval is needed.

Commissioner LeTourneau stated his biggest concern is the timeline and need for momentum.

Commissioner Riley noted staff's recommendation indicates the HRA is to be paid back by charging the costs out to the three lots.

City Engineer Westby stated that is the intent and McDonalds has already agreed with its prorated share.

Commissioner Riley asked about the location of abandoned stormwater pipes.

Deputy Executive Director Gladhill stated that piping on Sunwood Drive would not work to address stormwater for these parcels.

Motion by Commissioner LeTourneau, seconded by Commissioner Kuzma, to adopt Resolution #HRA-13-05-080 Accepting Plans and Specifications and Authorizing Advertisement for Bids for the COR TWO (Sunwood Retail) Stage 1 improvements and to approve bidding the construction of the temporary stormwater improvements at this time.

Motion carried. Voting Yes: Chairperson Backous, Commissioners LeTourneau, Kuzma, Riley, and Strommen. Voting No: None. Absent: Commissioner Tossey.

Chairperson Backous asked staff to review contract language to address the timeline.

5.02: Analysis of all Project Costs in The COR to Determine Cost Basis for Land

Finance Director Lund reviewed the staff report and indicated that to-date, the City has over \$65 million in The COR. She reviewed the improvements made totaling \$32.5 million and explained if using that cost, it would equal \$6.50/square foot for the 115 acres remaining to be developed. With the construction of 116th Avenue costing \$3.5 million, it brings the cost to about \$7.00/square foot. She advised of the assumptions used when making this calculation.

Chairperson Backous thanked Finance Director Lund for providing this analysis and baseline, which will help in making decisions on purchase offers.

Commissioner LeTourneau asked staff to keep an eye on the projects being brought forward and how it impacts the square footage number.

Commissioner Strommen agreed and asked staff to have this information at the ready and incorporated into case reports so the HRA is mindful of financial impacts.

Informational; no action required.

5.03: Consider Approval of Purchase Agreement for the Purchase of the Property Located at 6710 Highway 10 NW, Ramsey, MN

City Attorney Goodrich advised that the owner of 6710 Highway 10 NW has accepted the HRA's offer of \$361,000, which is the Anoka County assessed value. He stated the purchase

agreement has been signed by the seller and Chairperson Backous. City Attorney Goodrich reviewed the terms of the purchase agreement.

HRA Executive Director Ulrich advised that Anoka County has indicated there are sufficient funds through the Anoka County HRA if the City designates Anoka County as a development arm of Ramsey. He stated it would require passage of a Resolution and making the request for the funding. It was noted that closing is scheduled for July 10, 2013.

City Attorney Goodrich stated the Finance Director has advised that if closed before July 1, 2013, the City could abate all of 2014 taxes.

Commissioner Riley asked about the proceeds.

HRA Executive Director Ulrich stated the Anoka County HRA funds would be unrestricted.

Commissioner LeTourneau stated Anoka County wants Ramsey to enter into a JPA as a condition of receiving that funding and he would support that action as it would obtain this funding source and initiate a new relationship with Anoka County.

Commissioner Riley noted the agreement is to purchase the property "as is."

City Attorney Goodrich stated that is correct.

The HRA indicated support for an earlier closing date and to research the opportunity to request tax-exempt status.

Motion by Commissioner Riley, seconded by Commissioner Strommen, to approve the purchase agreement to purchase the real property located at 6710 Highway 10, Ramsey, Minnesota for a purchase price of \$361,000 and upon those additional terms of the May 10, 2013, purchase agreement reviewed with the HRA at its May 14, 2013, regular meeting, subject to City Attorney approval as to final form and conditions.

Motion carried. Voting Yes: Chairperson Backous, Commissioners Riley, Strommen, Kuzma, and LeTourneau. Voting No: None. Absent: Commissioner Tossey.

6. DEVELOPMENT TEAM REPORT / EXECUTIVE DIRECTOR REPORT

6.01: HRA Land Sales / Right to Reverter

HRA Executive Director Ulrich stated a question had been asked at the April 23, 2013, meeting relating to how long a buyer of HRA land has to develop/redevelop the land before title would revert to the HRA. He noted City Attorney Goodrich had responded to that question in his May 2, 2013, memorandum.

City Attorney Goodrich explained the HRA has a redevelopment plan when a property is sold that lays out the parameters of when it is to be developed and a time limitation can be included.

However, there would be a finite ability to include a time limit and have the property still be marketable.

Chairperson Backous stated the HRA's purpose is to get the property out of a blighted condition so it does not serve that purpose to sell the property if it is left undeveloped.

The HRA discussed this option and supported including this restriction with discussion of particulars on a case-by-case basis. The HRA asked staff to schedule this topic for further discussion at a future Work Session.

Informational; no action required.

6.02: Project Update

HRA Executive Director Ulrich provided an update on development activities and advised that Landform has placed a lien that is delaying the filing of a plat. He recommended forming a subcommittee comprised of Chairperson Backous, Commissioner Strommen, and Commissioner Riley to discuss and find resolution to the contract dispute prior to that item coming before the City Council.

7. COMMISSIONER INPUT

None.

8. ADJOURNMENT

Motion by Commissioner LeTourneau, seconded by Commissioner Kuzma, to adjourn the regular meeting of the Housing and Redevelopment Authority.

Motion carried.

The regular meeting of the Housing and Redevelopment Authority adjourned at 8:21 p.m.

Respectfully submitted,

Kurtis G. Ulrich
HRA Executive Director

ATTEST:

Jo Ann M. Thieling
City Clerk

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

Meeting Date: 05/28/2013

Submitted For: Kurt Ulrich

By: Jo Thieling, Administrative Services

Information

Title:

COR III North Commons

Background:

At the the regular meeting of April 23, 2013, the HRA considered an offer to purchase residential lots within the COR III North Commons development. As part of that process, Anoka County property records were reviewed and the City solicited opinions of value from local real estate agents and determined that \$35,000 for the standard residential lot in this development was close to the current market. Premium lots along the park would command a higher price.

Due to the fact that the current price is on the low end of the original real estate pro forma for this project and significant additional costs have been added to the expense side of the development, staff was asked to re-evaluate the project and determine whether it is best to proceed as contemplated, or to delay or modify the development. Staff was asked to look at the scenario of developing only the four lots adjacent to North Commons Park as one option.

Notification:

Not applicable.

Observations/Alternatives:

Staff has identified four options for the North Commons site as follows.

Option 1 would involve simply walking away from the project. This option would require a lump sum payment to the contractor as reimbursement for expenses and fees required to clean the site up, restock previously purchased materials, and to grade and restore turf throughout the project site.

Cost: Total with Land and All Sunk Costs (\$1,098,769)

Marginal Costs (i.e., no sunk costs) less Projected Revenue (\$63,407)

Option 2 would include the development of the four lots on the west side of the park only. The four house pads were previously rough graded so the work to develop the four lots would simply require construction of water and sanitary sewer services, repairing the street where the services were connected to the main, constructing driveway aprons and sidewalks across all four lots, and constructing a storm sewer outlet for the wetland located within the park. This option would also require a lump sum payment to the contractor as reimbursement for the expenses and fees outlined in option 1.

Cost: Total with Land and All Sunk Costs (\$1,046,825)

Marginal Costs (i.e., no sunk costs) less Projected Revenue (\$51,945)

Option 3a would involve completing the full 17 lot development project, including salvaging all excess topsoil from the 13 lot development site and hauling it to the Lake Ramsey site for future use in establishing turf on the pond side slopes. The excess topsoil quantity has been estimated at 6,410 cubic yards. The contractor would then need to excavate the same amount of clean fill material from the Lake Ramsey site and haul that fill material back to the North Commons site to fill the areas vacated by the excess topsoil excavation. The topsoil that was hauled to the Lake Ramsey site would then be applied to the side slopes of the lake for the purpose of establishing turf.

Cost: Total with Land and All Sunk Costs (\$1,087,501)

Marginal Costs (i.e., no sunk costs) less Projected Revenue (\$92,621)

Option 3b would also involve completing the full 17 lot development project, but instead all excess topsoil would be wasted in the rear yard areas of the North Commons residential lot sites. This could be accomplished by over-excavating the rear yard areas and placing the clean fill on the building pad areas to raise the pads to final grade, then burying all excess topsoil within the rear yard areas. While this option would be slightly cheaper than option 3a to complete in the short term, it would ultimately be more expensive than option 3a in the long-term since topsoil is a valuable commodity and would need to be purchased and hauled to Lake Ramsey for establishing turf on the side slopes of Lake Ramsey in the future. In addition, when topsoil is placed in large lifts it often results in differential settling and drainage issues for the property owners.

Cost: Total with Land and All Sunk Costs (\$1,061,513)
Marginal Costs (i.e., no sunk costs) less Projected Revenue (\$66,633)

Upon review of all all the options, it appears that there is not a significant difference in stopping the project and moving forward with one of the full development proposals. The ultimate benefit to the City in taxes would be about \$12,538 dollars per year, that will begin to generate two years from the start of each house construction. Another benefit to the City would be the completion of the final layer of asphalt for the roads in that subdivision.

Other options would be for the City to wait until lot prices increase, but the uncertainty of revenue under that option, plus the cost of delay make that option unattractive. Also, the "walk-away" option does not include any amount for the sale of the raw land. This amount may cover any costs of stopping the development, but would have the risk of whether the City could sell the land.

Recommendation:

Upon review of all all the options, it appears that there is not a significant difference in stopping the project and moving forward with one of the full development proposals. The primary risk in moving forward is the inability to predict lots sales and the potential of additional unanticipated costs. The benefit would be creation of additional rooftops and a future tax base. At least two builders have expressed interest in purchasing lots, so that it likely that many of the lots could be sold relatively soon.

Funding Source:

Costs for this project are being funded by the Landfill trust Fund and will be reimbursed in part by land sale proceeds.

Action:

Direct staff to move forward with development and secure lot sales.

Attachments

[n commons options](#)

Form Review

| Inbox | Reviewed By | Date |
|------------------------------|--------------------|---------------------------------|
| Kurt Ulrich | Kurt Ulrich | 05/23/2013 06:19 PM |
| Form Started By: Jo Thieling | | Started On: 05/23/2013 12:45 PM |
| | | Final Approval Date: 05/23/2013 |

| NORTH COMMONS OPTIONS: | OPTION#1: WALK AWAY | OPTION #2: DEVELOP 4 PARK LOTS | OPTION #3A: FULL DEVELOPMENT - HAUL TO/FROM LAKE RAMSEY |
|--|---------------------|--------------------------------|---|
| 1. Costs-to-Date (Sunk Costs) | | | |
| -Land Cost: Avg. \$4.47 Sq Ft | \$ 851,285 | \$ 851,285 | \$ 851,285 |
| - Construction | \$ 46,923 | \$ 46,923 | \$ 46,923 |
| -Grading | \$ 40,482 | \$ 40,482 | \$ 40,482 |
| -Legal, Fiscal, Engineering | \$ 56,190 | \$ 56,190 | \$ 56,190 |
| Total Costs to Date | \$ 994,880 | \$ 994,880 | \$ 994,880 |
| 2. Projected Costs | | | |
| -Contractor Cost | \$ 103,889 | \$ 195,931 | \$ 525,002 |
| - Storm Water Under CR116 | \$ - | \$ - | \$ 75,000 |
| -DM Fee/Closing Costs | \$ - | \$ 26,272 | \$ 111,650 |
| -City Fees (HRA Pays) | \$ - | \$ 30,224 | \$ 128,451 |
| Total Projected Costs | \$ 103,889 | \$ 252,427 | \$ 840,103 |
| Total Costs | \$ 1,098,769 | \$ 1,247,307 | \$ 1,834,983 |
| 3. Revenues | | | |
| -Lot Sales | \$ - | \$ 160,000 | \$ 615,000 |
| - COR Fund (Grading Park Land) | \$ 40,482 | \$ 40,482 | \$ 40,482 |
| -Storm Water Utility (Construction Contract) | \$ - | \$ - | \$ 17,000 |
| -Storm Water Utility (Under CR116) | \$ - | \$ - | \$ 75,000 |
| -Property Taxes: See Chart Below | \$ - | See Chart Below | See Chart Below |
| Total Revenues | \$ 40,482 | \$ 200,482 | \$ 747,482 |
| 4. Net (Loss) | \$ (1,058,287) | \$ (1,046,825) | \$ (1,087,501) |

PROPERTY TAXES GENERATED: Based on 2013 Tax Capacity Rates

| | Total Taxes | City Share of Taxes | Total Taxes |
|------------------------|-------------|---------------------|-------------|
| Market Value | \$ 175,000 | | \$ 225,000 |
| Market Value Exclusion | \$ (21,290) | | \$ (16,790) |
| | \$ 153,710 | | \$ 208,210 |
| Tax Capacity | 1% | | 1% |
| | \$ 1,537 | | \$ 2,082 |
| Tax Capacity rate | 120.779% | | 120.779% |
| | \$ 1,856 | | \$ 2,515 |
| | \$ - | | \$ - |
| Total Taxes | \$ 1,856 | \$ 680.76 | \$ 2,515 |

| TAXES GENERATED: | TOTAL TAXES |
|---------------------------|------------------|
| 13 Homes @ \$175,000 each | \$ 24,128 |
| 4 Homes @ \$200,000 Each | \$ 10,060 |
| Total Annual Taxes | \$ 34,188 |

***Start Collecting Property Taxes Approximately Two Years From Start of Construction

OPTION #3B: FULL DEVELOPMENT -
NO OFF-SITE HAULING

| | |
|----|-----------------|
| \$ | 851,285 |
| \$ | 46,923 |
| \$ | 40,482 |
| \$ | 56,190 |
| \$ | 994,880 |
| \$ | 499,014 |
| \$ | 75,000 |
| \$ | 111,650 |
| \$ | 128,451 |
| \$ | 814,115 |
| \$ | 1,808,995 |
| \$ | 615,000 |
| \$ | 40,482 |
| \$ | 17,000 |
| \$ | 75,000 |
| | See Chart Below |
| \$ | 747,482 |
| \$ | (1,061,513) |

| | |
|---------------------|--------|
| City Share of Taxes | |
| \$ | 922.13 |
| CITY SHARE | |
| \$ | 8,850 |
| \$ | 3,689 |
| \$ | 12,538 |

HRA Regular Session

5. 2.

Meeting Date: 05/28/2013

Submitted For: Kurt Ulrich

By: Jo Thieling, Administrative Services

Information

Title:

Proposal for Mechanic's Lien Settlement regarding Landform COR II Claims

Background:

The City's former Development Management consultant has placed a Mechanic's Lien on property that prohibits the filing of the COR 2 (West Sunwood retail) Final Plat. Attached is a list of the outstanding COR 2 invoices, currently totaling \$34,732.25. The Council Landform subcommittee (Backous, Riley, Strommen) met recently with the City/HRA attorney's and staff and agreed on an approach to negotiate this dispute. The Attorney will be working with Landform to negotiate a settlement amount that will be presented to the HRA on Tuesday. It was the desire to address this issue in a timely manner to avoid delaying any development or final settlement of the overall Landform contract.

Notification:

Observations/Alternatives:

Not approving a settlement will delay the filing of the plat, the related development and final settlement of the overall Landform contract. It is a priority of the City to move the COR property to development as soon as practicable, and removing any lingering contractor claims allows that to happen.

Recommendation:

Consider the negotiated settlement offer on outstanding claims.

Funding Source:

Funding for the the settlement with be charged to the various project accounts (e.g., Sunwood Drive, COR 2 Plat) and paid for as part of those project costs.

Action:

Approve the negotiated settlement offer as presented by the attorney.

Attachments

landform invoices

Form Review

Inbox

Kurt Ulrich

Reviewed By

Kurt Ulrich

Date

05/24/2013 04:23 PM

Form Started By: Jo Thieling

Started On: 05/24/2013 03:10 PM

Final Approval Date: 05/24/2013

OUTSTANDING COR II INVOICES:

| Invoice # | Item | Outstanding Amount Per Landform: | City Status |
|--------------|-------------------------------|-------------------------------------|---|
| 20848 | Sunwood Realignment Revisions | \$ 7,500.00 | Did not pay as said Tim H authorized, never did nor did HRA |
| 20944 | COR TWO Plat | \$ 2,565.00 | Never Authorized by HRA |
| 20803 | COR TWO Plat | \$ 2,460.00 | Never Authorized by HRA |
| 20907 | COR TWO Plat | \$ 940.00 | Never Authorized by HRA |
| 21288 | COR TWO Plat | \$ 4,517.50 | Never Authorized by HRA |
| 21375 | COR TWO Plat | \$ 1,841.02 | Invoice received in May - did not make bills list cut-off |
| 21418 | COR TWO Plat | \$ 400.00 | Just received invoice dated 5-13-13 |
| 20955 | Sunwood Retail | \$ 866.25 | Went over amount authorized by HRA |
| 21363 | Sunwood Retail | \$ 4,021.00 | Invoice received in May - did not make bills list cut-off |
| 21438 | Sunwood Feasibility Study | \$ 1,806.63 | Invoice states thru 5-31-13 Received 5-22-13 |
| TOTAL | | \$ 26,917.40 | |

OUTSTANDING NON-INCENTIVE INVOICES:

| Invoice # | Item | Outstanding Amount Per Landform: | City Status |
|-----------------------------|-----------------------|-------------------------------------|--|
| 20776 | COR ONE Plat | \$ 5,232.37 | Never Authorized by HRA |
| 21257 | Admin Expense Invoice | \$ 109.39 | Go To Meeting for Year 2013 should be pro-rated, city paid pro-rated share |
| 21379 | Admin Expense Invoice | \$ 108.09 | In 5-28-13 CC Batch for payment |
| 21364 | AUAR | \$ 2,520.00 | Paid 5-15-13 ck #91458. Landform confirmed they received |
| 21387 | AUAR | \$ 1,230.00 | In 5-28-13 CC Batch for payment |
| 21376 | COR FOUR Plat | \$ 835.00 | Invoice received in May - did not make bills list cut-off |
| 21377 | COR FIVE Plat | \$ 300.00 | Invoice received in May - did not make bills list cut-off |
| TOTAL | | \$ 10,334.85 | |
| Grand Total of All Invoices | | \$ 37,252.25 | |
| Less: | | | |
| Invoice #21387 paid 5-15-13 | | \$ (2,520.00) | |
| Net Invoices Outstanding | | \$ 34,732.25 | |