

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

The Housing and Redevelopment Authority conducted a regular meeting on Tuesday, May 28, 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  
                            Commissioner Jason Tossey

Members Absent:     None

Also Present:         HRA Executive Director Kurtis G. Ulrich  
                            Deputy Executive Director Timothy Gladhill  
                            Finance Director Diana Lund  
                            Parks and Assistant Public Works Superintendent Mark Riverblood  
                            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 9:29 p.m.

**2.     CITIZEN INPUT**

There was none.

**3.     APPROVAL OF AGENDA**

Motion by Commissioner LeTourneau, seconded by Commissioner Kuzma, to approve the agenda as submitted.

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

**4.     APPROVAL OF MINUTES**

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

Regular Meeting Minutes dated May 14, 2013

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

## **5. HRA BUSINESS**

### **5.01: COR III North Commons**

Executive Director Ulrich reviewed the staff report and staff's analysis for developing COR III North Commons. He presented four options: 1) Walk away from the project; 2) Develop four lots on the west side of the Park; 3a) Complete 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; and, 3b) Complete the full 17-lot development project and use all excess topsoil in the rear yard areas of the North Commons residential lot sites. Executive Director Ulrich noted 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 per year that will begin to generate two years from the start of house construction. Another benefit to the City would be the completion of the final layer of asphalt for the roads in that subdivision. He indicated other options would be for the City to wait until lot prices increase but there is uncertainty of revenue under that option plus the cost of delay makes that option unattractive. Also, Option 1 (walk away) does not include any amount for the sale of the raw land, which may cover any costs of stopping the development but would have the risk of whether the City could sell the land.

Commissioner LeTourneau asked if a developer would not favor Option 3a, as it would be too expensive.

Executive Director Ulrich explained with Option 3a, the City would move ahead with the full development and incur those costs up front. He noted under that option, it is probable the City will only be able to get \$35,000 per lot because people will only pay what the market will bear. Executive Director Ulrich stated the revenue projections were based on \$35,000 for each of the triangle lots and \$40,000 for each of the four park lots.

Commissioner LeTourneau stated he is not interested in the HRA abandoning the property and asked if the \$92,000 projected negative revenue would be added back into the total COR costs and impact the per square foot costs.

Executive Director Ulrich stated there is a premium for using top soil on Lake Ramsey so that could be a cost paid by the entire COR and not just this development.

Finance Director Lund stated \$6.50/square foot would now be \$6.58/square foot and \$7.19/square foot would now be \$7.27/square foot.

Commissioner Riley stated the best use of the triangle is a pond and this situation is the perfect example of why a City should not be a developer. He noted the four lots abutting the park are close to being salable so maybe that should be considered.

Commissioner LeTourneau stated he shares that concern (why the City should not be a developer) but the reality is that the HRA needs to deal with this, mitigate the situation, and still realize the vision. He stated if it raises the cost by only eight cents per square foot, maybe that is worth taking on to drive towards the vision.

Finance Director Lund stated the \$6.50/square foot incorporated the \$461,000 contract at that time. She explained that Options 3 and 4, when originally approved, used \$530,000 from the Landfill Fund and adding in City fees will raise the amount to \$846,000. Finance Director Lund stated the HRA also needs to consider how long it will be before the Landfill Fund can be repaid and the dollars be used elsewhere. She noted this will bring the Landfill Fund down to \$1.3 million.

Commissioner Tossey stated he has opposed this from the start and asked why, after the HRA knew the four lots would not raise enough revenue, it decided to quadruple that. He voiced support for “cutting the losses” with the four lots on the park. Commissioner Tossey stated he has been approached by residents of this area who are furious with what is going on as there are two large mounds of dirt they can view from their front yard, as well as culverts sitting there. He stated it is time to re-grade the site and move on and since the soil on the park side has been corrected, he may support Option 2 at this point.

Chairperson Backous stated the numbers in the proforma, when making this decision, were in error. He asked what is the difference between going from the best-case to worst-case scenario, noting if it is not that great maybe the HRA should just do it all.

Commissioner Strommen noted there are no good options but she would agree on Option 2 because it minimizes losses and allows keeping some of the vision to develop the park lots. Then the rest of the property can sit until it can be determined whether the lots as designed were well conceived. Commissioner Strommen stated she had supported moving forward when it looked like it would be of marginal benefit; however, after review of the new information it makes less sense to move forward with all of the property.

Commissioner Riley asked if the cost to remove the piles of dirt and culverts had been factored in.

City Engineer Westby explained the penalty cost to the developer includes smoothing the dirt, re-leveling the top soil, and restoring turf with seed. However, the on-site pond depression stays.

Motion by Commissioner Tossey, seconded by Commissioner Riley, to direct staff to pursue Option 2) Develop four lots on the west side of the Park.

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

#### **5.02: Proposal for Mechanic's Lien Settlement Regarding Landform COR II Claims**

Executive Director Ulrich reviewed the staff report and presented the list of outstanding COR II invoices totaling \$34,732.25. He stated the Council Landform Subcommittee comprised of Members Backous, Riley and Strommen met with the City/HRA attorneys and staff and agreed on an approach to negotiate this dispute. It was noted that the contractor offered a 5% discount, or \$1,500, resulting in a full and final payment on all open non-incentive invoices in the amount of \$33,232. Executive Director Ulrich explained these costs were the result of additional professional work required beyond the specific contract to file the plat as directed by the HRA, which includes surveys and other work to complete filing of the plat.

Chairperson Backous noted the HRA had withheld some payments pending verification of HRA approvals, which were not documented in its meeting minutes.

Executive Director Ulrich stated the work was completed and necessary to file the plats and action tonight would authorize those actions and final payment.

City Attorney Goodrich stated the work was not authorized and there are factual issues on that with previous City employees and the contractor; however, it would take some time to get down to preciseness.

Chairperson Backous noted Landform is saying they received approval from former employees or that the work was not specifically approved but necessary to complete the work that was approved.

City Attorney Goodrich stated Landform is saying they received verbal authorization from staff and the City. If in court, the City would have a lot to say about that. He explained HRA/City Council approval is required but, on the other hand, if Landform has completed the work and the City has benefited, that will be considered by a court as well. City Attorney Goodrich stated the City needs to make certain that contractors do not have the impression that the City casually pays for unauthorized work because that is not the case.

Commissioner Strommen asked about the timing, should this settlement be approved, for release of the lien and filing of the plat.

City Attorney Goodrich advised that in return for payment, the City will satisfy the lien so the City will file the satisfaction and then file the plat. He stated a written agreement will be drafted stating those issues and that the City also wants its intellectual property.

Commissioner Strommen stated this will then be final.

City Attorney Goodrich advised it will be final except for the incentive compensation.

Motion by Commissioner Strommen, seconded by Chairperson Backous, to approve the negotiated settlement for the Mechanic's Lien by Landform on COR II in the amount of \$33,232.00.

Further discussion: Commissioner LeTourneau thanked the Council Landform Subcommittee for their work to negotiate this complicated issue and stated he will support the action. Commissioner Riley stated a lot of bills were received at the end and emphasized that it has to be understood that there will be no more open bills and this matter will be closed with this action and the lien removed. The HRA concurred that was the understanding and expectation.

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

**6. DEVELOPMENT TEAM REPORT**

None.

**7. COMMISSIONER INPUT**

None.

**8. ADJOURNMENT**

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

Motion carried.

The regular meeting of the Housing and Redevelopment Authority adjourned at 10:11 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.*