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

The Ramsey City Council conducted a regular meeting on Tuesday, June 9, 2015, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Mayor Sarah Strommen
Councilmember Jill Johns
Councilmember Mark Kuzma
Councilmember John LeTourneau
Councilmember Chris Riley
Councilmember Kristine Williams

Members Absent: Councilmember Melody Shryock

Also Present: City Administrator Kurtis Ulrich
Finance Director Diana Lund
Fire Chief Dean Kapler
Police Chief Jeff Katers
Public Works Superintendent Grant Riemer
City Clerk Jo Ann Thieling
Community Development Director Timothy Gladhill
City Engineer Bruce Westby
Asst. City Administrator/Economic Development Manager Patrick Brama
City Attorney Joe Langel

1. CALL TO ORDER

Mayor Strommen called the regular meeting of the Ramsey City Council to order at 7:06 p.m., followed by the Pledge of Allegiance led by Mayor Strommen.

2. PRESENTATION

2.01: Presentation of Certificate of Achievement in Financial Reporting

Brenda Davitt, Minnesota Government Finance Officers Association, presented the Certificate of Achievement in Financial Reporting (CAFR) for the year ending December 31, 2013 to Finance Director Lund. It was noted this is the 20th consecutive year the City of Ramsey has received this distinguished award. She stated that the GFOA hopes that Ramsey will continue to be an example and encourage others to strive for the same level of excellence with their financial reporting.

Finance Director Lund thanked her staff, specifically Assistant Finance Director Denelle McAlpine, whom prepares the documents.

Mayor Strommen thanked Finance Director Lund and her staff for their excellent work.

2.02: Presentation of the 2014 Comprehensive Annual Financial Report

Aaron Nielsen, Principal with Malloy, Montague, Karnowski, Radosevich & Company (MMKR), the City's auditing firm, presented the 2014 Comprehensive Annual Financial Report. He reported that the audit resulted in an unmodified opinion.

Mayor Strommen stated that the Comprehensive Annual Financial Report is on the Consent Agenda tonight, noting that the Council also discussed the item earlier in the night during the work session.

2.03: Finance Department Update

Finance Director Lund presented an update on activities of the Finance Department. She reviewed the status of the strategic goals for the department including financial stability and bond rating; noting that the City continues to meet or exceed those goals. She stated that Ramsey is one of 102 Minnesota cities which receives the Certification of Achievement in Financial Reporting and has for the past 20 years. She referenced the 2014 Comprehensive Annual Financial Report, noting that the City has healthy fund balances and highlighted the 2016 budget process and calendar, noting upcoming dates. She briefly highlighted the general fund expenditures, tax capacity rate comparisons, and 2015 general fund budget comparisons. She referenced long range planning, noting that information can be found within the five year Capital Improvement Plan and the five year general fund budget. She provided information regarding utility billing and other events, including the payment in full of a tax increment revenue bond for the Residence at The COR.

Councilmember Kuzma asked for additional information regarding the difference between an AA and AAA bond rating, stating that his understanding was that the City could not obtain the AAA rating because the City is still a newer city in terms of age.

Finance Director Lund confirmed that statement and noted that there is a review of a stable tax base and agreed that the AAA rating could possibly be attained once the City has aged further.

3. CITIZEN INPUT

None.

4. CONSENT AGENDA

Mayor Strommen requested that Item 4.05 be removed from the Consent Agenda and considered as Item 7.07.

Motion by Councilmember Kuzma, seconded by Councilmember Johns, to approve the following items on the Consent Agenda, as revise to remove Item 4:05:

- 4.01: Receive Cash and Investments for period ending May 31, 2015
- 4.02: Receive 2014 Comprehensive Annual Financial Report (CAFR)
- 4.03: Approve Exemption for a Gambling License for Ruffed Grouse Society – Twin Cities Chapter
- 4.04: Approve Exemption for a Gambling License for Anoka County Pheasants Forever
- ~~4.05: Approve Licenses: This item was removed from the Consent Agenda and considered as Item 7.07~~

Therapeutic Massage Establishment

~~Oasis Massage LLC, 14037 St. Francis Boulevard NW, Ramsey, MN 55303~~

Therapeutic Massage Therapist

~~Xiao Ying Qui, 9765 101st Avenue N., Maple Grove, MN 55369~~

- 4.06: Approve the following Meeting Minutes:
 - 1) City Council Work Session dated May 26, 2015
 - 2) City Council Regular Session dated May 26, 2015
- 4.07: Approve Off-Sale Intoxicating Liquor, Off-Sale 3.2% Liquor, On-Sale Intoxicating Liquor, Beer, Sunday Sales, and Optional 2:00 a.m. Closing
- 4.08: Approve Entering into a Security Agreement between the City of Ramsey and Local Government Information Systems (LOGIS) for Interagency Criminal Justice Information Services (CJIS)
- 4.09: Adopt Resolution #15-06-149 Approving Cash Disbursement Made and Authorizing Payment of Accounts Payable Invoicing Received During the Period of May 21, 2015 through June 3, 2015
- 4.10: Adopt Resolution #15-06-145 Approving Plans and Specifications and Authorizing Advertisement for Bids for 2015 Street Maintenance Program Division A, Sealcoat Improvements; Improvement Project #15-00
- 4.11: Adopt Resolution #15-06-146 Approving Plans and Specifications and Authorizing Advertisement for Bids for 2015 Street Maintenance Program Division B, Overlay Improvements; Improvement Project #15-00
- 4.12: Adopt Resolution #15-06-150 Approving an Encroachment Agreement for a Portion of a Proposed Deck in a Drainage and Utility Easement at 7516 163rd Avenue; Case of Mark Sutton
- 4.13: Adopt Resolution #15-06-141 Policy for the Reimbursement of Land Proceeds and Tax Increment for TIF Area #14 (COR)
- 4.14: Report from the Public Works Committee Meeting dated May 19, 2015:
 - 1) Consider Recommending Council Approval of Draft Assessment Agreement for Ridgepoint Residential Development Public Improvements, Improvement Project 15-21 – *Ratify the recommendation of the Public Works Committee to approve the Draft Assessment Agreement for Ridgepoint Residential Development Public Improvements, Improvement Project 15-21, with the amendment of adding language that clarifies the City will be paid upon the sale of each lot. This case was presented at the May 26, 2015, City Council meeting.*
 - 2) Review of Trail Maintenance Policy Framework – *No action taken, for discussion purposes only.*

Motion carried. Voting Yes: Mayor Strommen, Councilmembers Kuzma, Johns, LeTourneau, Riley, and Williams. Voting No: None. Absent: Councilmember Shryock.

5. APPROVE AGENDA

Motion by Councilmember Johns, seconded by Councilmember Kuzma, to approve the agenda with the addition of Case 7.07 Approve Licenses.

Motion carried. Voting Yes: Mayor Strommen, Councilmembers Johns, Kuzma, LeTourneau, Riley, and Williams. Voting No: None. Absent: Councilmember Shryock.

6. PUBLIC HEARING

None.

7. COUNCIL BUSINESS

7.01: Consider Final Site Plan Approval for Parkview East Apartments Located on Ramsey Parkway, Case of PSD, LLC

Community Development Director Gladhill reviewed the staff report and recommendation to approve the Final Site Plan for Parkview East Apartments Complex located south of Ramsey Parkway, east of Town Center Drive East, west of Rhinestone Street NW, and north of Sunwood Drive in the COR-1 zoning sub-district. The development of Phase 1 consists of a four-story apartment complex building with a total of 121 units with tuck-under detached garage and surface parking. He noted that the developer would come back for a Conditional Use Permit in July to attain the level of surface parking desired.

Councilmember Kuzma stated that as a member of the Ramsey City Foundation he hoped that during construction there would be an attempt to work with the Foundation in order to ensure that music could be heard on Thursday nights during the events.

Community Development Director Gladhill agreed that stipulation could be added to the development agreement prior to construction.

Mayor Strommen asked for additional information regarding the construction timeline.

Community Development Director Gladhill stated that the intent would be to begin construction later this summer or early fall with a 12 to 18 month construction period, estimating that construction would be complete during 2016.

Councilmember LeTourneau stated that it has been a great experience to work with the developer, PSD.

Motion by Councilmember LeTourneau, seconded by Councilmember Johns, to approve the Final Site Plan Approval for Parkview East Apartments Located on Ramsey Parkway, Case of PSD, LLC.

Further discussion: Mayor Strommen stated that it has been quite some time since the City went through the development process and believed that the current process works very well. She commended staff and the Boards and Commissions for their contributions.

Motion carried. Voting Yes: Mayor Strommen, Councilmembers LeTourneau, Johns, Kuzma, LeTourneau, Riley, and Williams. Voting No: None. Absent: Councilmember Shryock.

7.02: Adopt Resolution #15-06-147 Accepting Bids and Awarding a Contract for Garnet Street and 168th Avenue Reconstruction, Improvement Project #13-10

City Engineer Westby reviewed the staff report and recommendation to accept bids and award a contract for Garnet Street and 168th Avenue reconstruction, Improvement Project #13-10. He stated that the City opened bids on June 3rd and received eight bids. He noted that the City had three options including the base bid, alternate bid one, and alternate bid two and noted that staff does not recommend alternate bid two as that is no longer needed and therefore recommends the base bid plus alternate bid one. He reported that the lowest responsible bidder for the base bid plus alternate one was Kuechle Underground while the lowest responsible bidder for just the base bid would be Douglas-Kerr Underground, noting that the two items cannot be awarded to different contractors.

Mayor Strommen stated that the construction of the Feldspar cul-de-sac was recommended by the Planning Commission and Public Works Committee.

Councilmember Riley stated that he was able to see the condition of the cul-de-sac during the review by the Public Works Committee and noted that it was originally designed as a temporary cul-de-sac and is in need of improvement. He stated that he would support including that item in the project.

Councilmember Kuzma commended the Council for getting to this point in the long range street improvement funding process. He also thanked the Commissions for their contribution.

Motion by Councilmember Kuzma, seconded by Councilmember Johns, to adopt Resolution #15-06-147 Accepting Bids and Awarding a Contract for Garnet Street and 168th Avenue Reconstruction, Improvement Project #13-10 including the base bid plus alternative bid number one.

Motion carried. Voting Yes: Mayor Strommen, Councilmembers Kuzma, Johns, LeTourneau, Riley, and Williams. Voting No: None. Absent: Councilmember Shryock.

7.03: Adopt Resolution #15-06-144 Approving Joint Powers Agreement with the City of Elk River for Jarvis Street Reconstruction and Railroad Crossing Quiet Zone Improvements, Improvement Project #15-20

City Engineer Westby reviewed the staff report and recommendation to approve a Joint Powers Agreement (JPA) with the City of Elk River for the Jarvis Street reconstruction and Railroad Crossing Quiet Zone Improvements, Improvement Project #15-20.

Councilmember Riley stated that the City of Elk River is funding this and is allowing Ramsey to pay back their portion over the course of three years without interest. He questioned how Elk River is able to do that.

City Engineer Westby advised that Elk River uses franchise fees to fund road improvements and therefore has available funds to offer that option to Ramsey.

Mayor Strommen questioned if Elk River has approved the JPA or whether Ramsey would be the first to review and approve the document.

City Engineer Westby replied that Ramsey was asked to draft the JPA and present to the City Council. He stated that Elk River staff and their attorney have seen the document and their Council will consider this for approval following the action of the Ramsey Council.

Councilmember Kuzma thanked the City of Elk River noting that Jarvis Street needs to be rebuilt. He stated that with these railroad improvements and the improvements that will occur with the Armstrong project, the City will become a quiet zone, which he believed residents will enjoy.

Motion by Councilmember Kuzma, seconded by Councilmember Riley, to Adopt Resolution #15-06-144 Approving Joint Powers Agreement with the City of Elk River for Jarvis Street Reconstruction and Railroad Crossing Quiet Zone Improvements, Improvement Project #15-20.

Further discussion: Councilmember LeTourneau referenced the subgrade soil, which was mentioned as marginal and will be reviewed during construction. He questioned if that could add additional cost.

City Engineer Westby replied that would depend on the extent as the cost currently includes some soil corrections. He explained that if the corrections exceed the budgeted amount, the cost could increase.

Motion carried. Voting Yes: Mayor Strommen, Councilmembers Kuzma, Riley, Johns, LeTourneau, and Williams. Voting No: None. Absent: Councilmember Shryock.

7.04: Consider Strategy for Future Public Works Campus Planning Process

Asst. City Administrator/Economic Development Manager Brama reviewed the staff report and requested Council direction on how to move forward with planning for a replacement Public Works Campus. He stated that staff is open and flexible with the options.

City Administrator Ulrich stated that this is not a pressure decision and explained that these things are planned in advance in order for the City to be rational and logical when making decisions. He stated that if a site is identified that the City will not need, that site could then be placed on the market for sale. He emphasized that when the decision is made regarding location, size, and layout that does not mean that the building needs to be built immediately but will help to prevent costly mistakes in terms of long-term planning.

Mayor Strommen noted that this would be a similar process to that the City completed with the fire station.

Councilmember LeTourneau referenced a specific parcel, noting that is the first time he has heard that there could be economic development. He questioned if the Feasibility Study will take that into consideration and possibly make that a priority, to support a significant development.

Asst. City Administrator/Economic Development Manager Brama stated that is an important aspect of the space needs analysis as that information would be flushed out through the process.

Councilmember Riley questioned the difference between the space needs analysis and preliminary design.

Asst. City Administrator/Economic Development Manager Brama stated that a space needs analysis would be an information gathering/inventory process which would develop parameters for the project and allow for future planning. He stated that process would result in a Feasibility Report and general concept site layout. He explained that the preliminary design further refines those items, noting that the site layout would become the building design and would include more detailed plans.

Councilmember Riley stated that to him it appears that a lot of the information that would be gathered through the space needs analysis is information that is already known by the City and therefore believed the price to be a bit high.

Asst. City Administrator/Economic Development Manager Brama provided an example, referencing the cost of the space needs analysis that was done for the fire station and believed the price to be competitive. He agreed that the process involves working with staff and reviewing plans, however the entire package provides value added services. He explained that the third party would hire consultants and speak with others that have worked on municipal projects across the country in order to provide a professional recommendation.

City Engineer Westby expanded on Asst. City Administrator/Economic Development Manager Brama's comments, noting that a third party would bring in the experience of doing this type of project across the country. He noted that the consultant would have knowledge for the future in

order to assist the City in planning for future needs. He stated that the consultant has information such as the turning radius of public works vehicles, would ensure that the flow of property works well, and that bay and ancillary needs are met. He noted that staff might not use certain items today that will be used in the future and therefore would not think to plan for that. He stated that the consultant would bring a wealth of knowledge in terms of future needs that staff would not have. He stated that the City should be rational throughout this process to ensure that needs are met and in order to prevent mistakes and costly retrofitting.

Mayor Strommen noted that the space needs analysis is in format that translates into the design process. She noted that staff can provide some of that information but would not be able to package the information in a manner that translates to the next step.

Councilmember Riley stated that this could possibly be on the CIP for the next five years and questioned if it would then make sense to do this now and budget for the preliminary design in three years if this is not going to move forward in that timeframe.

Asst. City Administrator/Economic Development Manager Brama explained the process from the space needs analysis, to preliminary design and final design, noting that is a 3.5 to four year process. He stated that the CIP is a planning document used for guiding and is flexible under the direction of the City Council.

Mayor Strommen stated that this is a similar situation to the fire station and noted that you cannot plan for the expenditure without knowing what that expenditure will be. She stated that there will be a cost in order to gain the necessary information.

City Administrator Ulrich stated that another element would be to determine the magnitude of cost, which will make a difference in the CIP and planning for the future as well as the timing of the project.

Councilmember Kuzma stated that his opinion is that if the process is started tonight that would commit the Council to keep moving through the process. He stated that he is not ready to make that commitment tonight. He did not disagree that more space would be needed and a campus would eventually be needed, but recognized that the City has a number of projects underway and would prefer to wait until the funding is known and some of the other projects are completed. He stated that he would like to have more tax revenue coming in before he would commit to additional debt.

Mayor Strommen agreed that was a good point but stated that the City does not know the magnitude of the expenditure until the space needs analysis is done. She stated that it would be hard to know when the right time is until this first step is completed. She noted this is a small investment in order to gain the additional knowledge that can be used for planning purposes. She questioned why the budget item was proposed for direction as the budget process has not begun and questioned why that is not brought forward at that time.

City Administrator Ulrich stated that the budget process will still need to be followed but that was simply brought forward in order to provide direction as to whether or not that should be

included for planning purposes. He explained that the item would not be imbedded and could be changed or removed in the future if desired.

Mayor Strommen questioned if staff would be comfortable not taking the second step and instead addressing that item during the budget process.

City Administrator Ulrich confirmed that item could be addressed at that time, noting that staff is flexible.

Councilmember Williams stated that this step would help the City to identify whether this would be necessary and if so, the scale of the project. She shared the concern that this step could start the ball rolling, but noted that she would support the space needs analysis as it would answer the necessary questions.

Councilmember LeTourneau asked for information regarding the Revolving Acquisition Loan Fund (RALF) properties. He stated that public works equipment for the City is currently being warehoused throughout the City and asked for additional information regarding the intent of the RALF properties as that could have implications on the need for a public works campus.

Asst. City Administrator/Economic Development Manager Brama stated that the City owns RALF properties along Highway 10. He noted that some had been demolished while others were available for reuse and the City has, or is attempting to, lease those properties to the private sector in order to generate tax dollars. He stated that the current public works campus does not have sufficient space for equipment, materials and vehicles and therefore the City is using the available overflow space for storage. He stated that there are two vacant buildings with cold storage that public works is using to store equipment in. He noted that while there are some challenges with one of the sites because of existing leases in other portions of the building, that site could be leased. He noted that the other building is in poor condition and therefore would not be leased and will not hold off long-term.

Councilmember LeTourneau clarified that the buildings do not have a long-term use and that is why a new public works campus is needed.

Mayor Strommen stated that there are very real needs and that is why the City needs to conduct the space needs analysis. She acknowledged the hesitancy to commit to moving forward and advised that can be determined at a later date once this information is known. She questioned when the space needs analysis would be complete for the Council to review.

Asst. City Administrator/Economic Development Manager Brama did not have the date but believed it would take a few months. He stated that if the item moves forward the Council would have the information sometime this fall.

Councilmember Johns stated that the space needs analysis identifies not only the building size but would also identify the land that could be used.

Councilmember Kuzma stated that if there is an opportunity to develop on the land that is identified as surplus, that economic development could generate funds that could be used to fund the campus and therefore he would like to keep that option open and moving forward.

Mayor Strommen agreed that the space needs analysis would help to determine if there is excess space that could be used for economic development.

Motion by Councilmember LeTourneau, seconded by Councilmember Johns, to approve the proposal for professional services from BKV Group, not to exceed \$19,500 to complete the space needs analysis.

Motion carried. Voting Yes: Mayor Strommen, Councilmembers LeTourneau, Johns, and Williams. Voting No: Councilmembers Kuzma and Riley. Absent: Councilmember Shryock.

7.05: Consider Dominion Development & Acquisitions, LLC Letter of Intent

Asst. City Administrator/Economic Development Manager Brama reviewed the terms of the Letter of Intent (LOI) from Dominion Development & Acquisitions, LLC for 4.94 acres of City-owned land located between Coborn's and the future Common Bond project and recommendation to counter offer Dominion as staff believes the proposal for City financial assistance is too high at \$2.2 million to \$2.6 million, or 9.12% to 10.77% of the total project cost. He noted that senior living is the number one priority identified in the housing assistance policy.

Asst. City Administrator/Economic Development Manager Brama stated the EDA reviewed this case at its June 4, 2015, meeting and while it generally supported the project concept, it felt more discussion was needed relating to how this project fits within the City's Zoning Districts and The COR Master Plan and that the financial assistance request should be reduced to a level similar with comparable projects.

Asst. City Administrator/Economic Development Manager Brama asked Council direction whether the project concept fits the property, the overall development concept is acceptable, and level of financial assistance. He stated that the Council could direct staff to work with Ehlers to prepare a counteroffer and request that Dominion adjust their LOI which would then be brought back to the Council.

Councilmember LeTourneau referenced the location proposed and questioned whether a more appropriate location could have been identified.

Asst. City Administrator/Economic Development Manager Brama replied that other options do exist, noting that Dominion was interested in this site because of the available infrastructure and proximity to both Coborn's and the rail station. He noted that Dominion would be flexible in choosing another site.

Councilmember LeTourneau stated that he would need more time to consider that aspect as the Master Plan would need to be changed.

Councilmember Kuzma questioned if there had been a consideration for retail on the lower level.

Asst. City Administrator/Economic Development Manager Brama replied that option was not discussed in detail. He stated that the initial reaction was that the element of retail was not common but acknowledged that Ramsey is doing something unique in The COR and if the Council feels strongly, that direction should be provided. He stated that retail is not part of the deal as proposed and is not anticipated.

Councilmember LeTourneau stated that while he would like to see the retail, that would be the Council driving the market rather than the market driving development. He stated that it certainly would be worth asking.

Mayor Strommen stated that one of the thoughts is that the housing will help to drive the rest of the development but stated that the City needs to make sure that they can still get to the rest of it. She stated that she would want to ensure that the housing selections are helping to reach that end goal rather than precluding the City from reaching the end result.

Councilmember Riley stated that he has not heard any resident state that they would like to see more apartments in The COR but he has heard many residents state that they want more businesses and restaurants. He stated that he would be uncertain why the City would want to subsidize something that residents are not asking for, especially at the levels being asked. He did not think it would make sense to discuss at the level they are asking and stated that he would be open to the suggestion of staff to discuss something more reasonable.

Mayor Strommen stated that the Council has been consistent that they will review reasonable offers but are not looking to fully subsidize a project. She questioned if the Council would be interested in discussing a counteroffer or whether they are interested in moving forward at all.

Councilmember Johns agreed with the comments made but stated that she does like the idea of senior independent housing somewhere in The COR, and suggested that perhaps there would be a better location for the project.

Councilmember Kuzma stated that Dominion is a great developer and he would like to see the project somewhere in Ramsey, noting that perhaps a better location could be found.

Councilmember Riley stated that senior affordable housing requires a subsidy because of the limited rent and asked for additional information regarding low income housing tax credits, which he believed are used to make up for that gap. He stated that in some cases the developer sells those credits as equity and then comes back to the City for additional funding.

Stacie Kvilvang, Ehlers and Associates, provided information on tax credit deals noting that this would be at a four percent tax credit. She explained that the lower interest rate and tax credits are sold to investors in order to bring equity needed to move the project forward. She explained that because of the rent restrictions and the cost of construction needed to generate a high quality project, even the bonds, credits and equity will not be enough and that is why a subsidy is needed.

Councilmember Riley stated that the City should look at the deal being offered and determine the need rather than the ask the developer is making. He did not like this proposal and stated that it appears the City would essentially be guaranteeing the project.

Ms. Kvilvang stated that the subsidy is not a guarantee, noting that the developer would still be at risk. She stated that there are many factors, noting that construction costs could come in higher, the units may not lease as quickly as anticipated or the rent may not be what the developer has thought. She explained that the subsidy would give the developer comfort to get to the point of financing.

Councilmember Williams stated that she does like the project but does not like the location or the ask the developer has made. She stated that the City needs to ensure that they manage resources effectively and would like more assurance that this project would move forward. She did not feel it would be worth the staff time for the City to make a counteroffer.

Mayor Strommen agreed that she would hate to waste the City's time developing an offer that Dominion should be developing. She stated that either this project will be viable or not. She stated that perhaps staff could provide general parameters such as a location and perhaps Dominion can resubmit an LOI that meets those parameters. She stated that if Dominion cannot or does not want to do that, the City will not be investing time in the project. She stated that the location is a concern and stated that perhaps the Council can provide direction to staff on parameters to use in this consideration and on future prospects.

Councilmember LeTourneau stated that in this instance the City would be investing and he does not see a return on that investment. He stated that he would like to make sure that the return on the City's investment is made clear.

Ms. Kvilvang stated that this is what every Council and staff face, determining what is actually needed. She briefly reviewed her memorandum which identified the analysis of a cash on cash return for projects. She also provided information on the subsidy parameters used for guidance by other municipalities and the recommendations from Ehlers. She noted that the City can require that the developer contribute at least \$50,000 to \$100,000 of their own funds so that they have "skin in the game" as well.

Mayor Strommen questioned if the Council wants to implement something similar to what was outlined in the City policy. She questioned if these are the general parameters that staff should go back to Dominion with.

Asst. City Administrator/Economic Development Manager Brama stated that the existing housing policy does not need to include those terms and thresholds but general direction could be provided to staff as to whether to use those parameters when considering deals.

Councilmember Riley stated that he read through the memorandums and understands that these are maximums and not guidelines. He stated that the EDA indicated that the equity requirement should be higher and is unsure of what that amount should be, noting that \$50,000 on a

development of this size is not adequate and that amount should be substantially higher. He believed that the developer should have their money involved before they ask the City.

Mayor Strommen questioned if it would be fair to look at the equity amount on a percentage basis rather than a specific amount as project costs can vary.

Ms. Kvilvang stated that perhaps a percentage would be a better fit as that would be a sliding scale associated with the project cost.

Mayor Strommen stated that one option would be to direct staff to use this but review the equity and convert that to a percentage minimum, and bring the recommendation back to the Council.

Asst. City Administrator/Economic Development Manager Brama summarized the direction to staff to work with Ehlers to develop what a counteroffer may look like and present that to Dominion to determine if they would amend their LOI to meet the market rate based on the discussion, specifically regarding the assistance portion. The Council would like a different location and staff should review different sites within The COR to determine if an alternate site would work and discuss and/or introduce a mixed use project that would introduce retail on the site. The return on investment for the City should be made clear to show the benefit to the City and an equity percentage should be developed. The Ehlers memorandum will be used as an informal policy.

Mayor Strommen clarified that the counteroffer would be general and would not include specific parameters, as specifics would fall to Dominion to generate.

Motion by Councilmember LeTourneau, seconded by Councilmember Williams, to direct staff to revisit the project concept to fit the discussion summarized by Asst. City Administrator/Economic Development Manager Brama, so that an LOI can be resubmitted by Dominion.

Motion carried. Voting Yes: Mayor Strommen, Councilmembers LeTourneau, Williams, Johns, Kuzma, and Riley. Voting No: None. Absent: Councilmember Shryock.

7.06: Consider Purchase Agreement with WESTCO Properties LLC (Portions were Closed to the Public)

Asst. City Administrator/Economic Development Manager Brama reviewed the terms of the Purchase Agreement from WESTCO Properties LLC for .95 acres of City-owned land at 6590 141st Avenue NW in the City's original business park. The subject property is currently zoned E-1 Employment District and had been purchased by the City in 2006 for redevelopment purposes at a price of \$211,200. At that time, the existing improvements were removed and the site sat vacant, tax exempt, and available for sale since 2006. This property is currently listed with CBRE for \$105,000.

Asst. City Administrator/Economic Development Manager Brama stated the EDA reviewed this case at its June 4, 2015, meeting and found the proposed project is a good fit for the subject property, 24 Restore is a valued and respected local business, and the proposed project would

benefit the City by creating jobs and tax base. The EDA recommends this Case be discussed in Closed Session to develop a counter offer strategy as it feels the standing offer of \$1.31 per square foot, or \$55,000, is too low.

Asst. City Administrator/Economic Development Manager Brama asked Council direction on a strategy for a counter offer. He noted that the net proceeds had been updated to reflect a lower commission payment to the buyer and seller agents.

Derek West, 24 Restore, stated that he has grown up in Ramsey and is now raising his family in Ramsey. He started his business in Blaine and moved it to Ramsey as it has grown, noting that the business is continuing to grow and that is why the additional property is needed. He noted that many of his employees also live in Ramsey. He explained that the reason for the lower price is because of the cost of construction and the additional ponding that will be needed. He advised that they are shrinking down the size of the project and cutting costs in order to make the project viable.

Councilmember LeTourneau appreciated the comments made by Mr. West, recognizing that 24 Restore has been a successful business that employs residents of Ramsey and is owned by a Ramsey resident. He stated that the City has a lot to gain from the case. He recognized that it is more challenging to retain a business than it is to bring in a new business and therefore there is a balance needed. He stated that the increased employment base would have a ripple effect of people that live and shop in Ramsey. He stated that the parcel is unique in the size and location and has been identified as excess by the City. He appreciated the willingness of the business owner to take on the challenges of this parcel. He referenced the difference between the original price and what is now proposed, noting that the City would make that gap up in less than six years through taxes and therefore he believed the price would be reasonable. He stated that the Council set a price range for the parcel and questioned where this price would fall on that range.

Asst. City Administrator/Economic Development Manager Brama replied that generally the price is on the lower end of the price range.

Councilmember LeTourneau stated that the goal of the pricing strategy is to return properties to the tax base and find offers within the price range. He stated that he would be comfortable entertaining the offer where it is.

Councilmember Riley recognized the benefits the City would receive and believed that it is important that the Council maximize the return.

Asst. City Administrator/Economic Development Manager Brama advised under Minnesota Statutes, Section 13D.05, Subd.3, the meeting can move into Closed Session to develop a negotiation strategy for the sale of .95 acres of City-owned land at 6590 141st Avenue NW in the City's original business park.

Motion by Councilmember Kuzma, seconded by Councilmember Riley, to move to Closed Session to discuss acquisition negotiations.

Motion carried. Voting Yes: Mayor Strommen, Councilmembers Kuzma, Riley, Johns, LeTourneau, and Williams. Voting No: None. Absent: Councilmember Shryock.

The City Council meeting moved into a Closed Session at 9:32 p.m.

The City Council reconvened in Open Session at 9:50 p.m.

Asst. City Administrator/Economic Development Manager Brama stated the Council discussed the counteroffer strategy and provided direction to staff to discuss the counteroffer with Mr. West of 24 Restore in the hope to bring back a purchase agreement on the Consent Agenda of a future meeting.

Marty Fisher, Premier Commercial Properties, stated that they are present as this is a great business in the City. He stated that this process began with a purchase agreement on the parcel several months ago and noted that three contractors were interviewed for construction. He stated that the bids were \$1,250,000 for 12,500 square feet and they did not realize that onsite infiltration and ponding would be required. He explained that they are attempting to lower the price to a more manageable price and have already downsized the building to about 10,000 square feet at a cost of \$998,000. He noted that it makes sense for the business owner to purchase this property because of the proximity to his existing location but would not be able to resell for the same level at which he would be investing. He stated that the reduction from \$95,000 to \$55,000 would cover the cost of the infiltration and ponding and is not just an outright reduction but an attempt to make up those funds.

7.07: Request to Approve Licenses

7.07.1: Oasis Massage LLC, 14037 St. Francis Boulevard NW, Ramsey, MN 55303 Xiao Ying Qui, 9765 101st Avenue N., Maple Grove, MN 55369

City Administrator Ulrich stated that this item was pulled from the Consent Agenda and explained that this is a request for a massage therapist location which is at the northeast corner of Highway 47 and Bunker Lake Boulevard. He noted that a previous massage business was in that location, but explained that this is not the same business and therefore would come in under the new Ordinance which has a number of restrictions and requirements. He stated that the business and its employees have been fully vetted to ensure compliance with the Ordinance. He stated that issues had been with the previous business and not with this business and therefore he would recommend approval of the request.

Mayor Strommen clarified that there is a license for the business and for the massage therapist.

Councilmember Kuzma asked for additional information on the background check.

Police Chief Katers stated that the applicant did meet all the requirements of the ordinance as outlined by the Council. He reported that the background check was completed, the references provided on the application were checked, the information on the application was verified, a review of criminal history was completed, and he checked with other cities where massage

licenses were applied for or obtained by the applicant. He reported that nothing negative had been returned. He stated that the goal of the Ordinance is to provide oversight over this type of business which was not previously provided. He stated that the City is also authorized to do inspections and can suspend the license if the business does not meet the community standards or is found guilty of criminal activity. He stated that they also had discussions with the other tenants at this location and explained the processes that the City went through in vetting the business.

Councilmember LeTourneau stated he appreciated the variety of businesses in the City and the work the City has done in regard to this ordinance. He felt this business falls within the guidelines.

Motion by Councilmember LeTourneau, seconded by Councilmember Johns, to approve the licenses for Oasis Massage LLC, 14037 St. Francis Boulevard NW, Ramsey, MN 55303; and, Xiao Ying Qui, 9765 101st Avenue N., Maple Grove, MN 55369 (Therapist at Oasis Massage, 14037 St. Francis Boulevard, Ramsey, MN 55303).

Further discussion: Councilmember Riley stated that he asked for this Case to be pulled off the Consent Agenda in order to provide clarification to the residents. Councilmember Kuzma noted that there are neighbors to this location and therefore the City would find out if something negative is occurring. He welcomed the new business to the City.

Motion carried. Voting Yes: Mayor Strommen, Councilmembers LeTourneau, Johns, Kuzma, Riley, and Williams. Voting No: None. Absent: Councilmember Shryock.

8. MAYOR, COUNCIL AND STAFF INPUT

City Administrator Ulrich announced upcoming meetings and events. He stated that on June 14th there will be a Flag Day retirement ceremony at Enstrom Veteran's Park beginning at 1:00 p.m. He noted that flags can also be dropped at City Hall for the event. On June 16th the Lions Community Concert will be held at Central Park. The Public Works Committee will meet on June 16th and the City Council will meet on June 23rd. The Roadhouse Blue Band will open the season at The Draw, with free Killebrew rootbeer floats.

Councilmember Kuzma stated that he and Councilmember LeTourneau had lunch with the Ramsey senior group this past week which was very enjoyable.

9. ADJOURNMENT

Motion by Councilmember LeTourneau, seconded by Councilmember Kuzma, to adjourn the meeting.

Motion carried.

The regular meeting of the City Council adjourned at 10:04 p.m.

Respectfully submitted,

Kurtis G. Ulrich
City Administrator

ATTEST:

Jo Ann M. Thieling
City Clerk

Drafted by Amanda Staple
TimeSaver Off Site Secretarial, Inc.