

**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 28, 2017, 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 Melody Shryock
Councilmember Kristine Williams

Also Present: City Administrator Kurtis Ulrich
Finance Director Diana Lund
Parks and Assistant Public Works Superintendent Mark Riverblood
Public Works Superintendent Grant Riemer
Community Development Director Timothy Gladhill
City Engineer Bruce Westby
Asst. City Administrator/Economic Development Manager Patrick Brama
Attorney with Briggs & Morgan Sara Edstrom Smith

1. CALL TO ORDER

Mayor Strommen called the City Council Work Session to order at 5:33 p.m.

2. TOPICS FOR DISCUSSION

2.01: Review McDonald's Project Alternatives

City Administrator Ulrich reviewed the staff report. He stated that although not included in the staff report, staff reached a negotiated agreement with McDonald's last year in which McDonald's received an extension and was to supply a non-returnable escrow of \$5,000. He noted that McDonald's did not supply the \$5,000 escrow.

Councilmember LeTourneau asked the purchase price the City received from McDonald's for the property.

City Administrator Ulrich stated that McDonald's paid \$470,000 for the parcel but the City used \$40,000 of those proceeds to bring utilities to the property.

Councilmember LeTourneau asked the net proceeds of the sale.

City Administrator Ulrich stated that the net proceeds would be \$430,000 minus the \$51,000 in development attorney costs and additional staff time costs.

Sara Edstrom Smith, Briggs & Morgan, stated that a basic lawsuit would not be that costly and would not take that much staff time but the unknown would be the response of McDonald's. She stated that you could choose to start action to get their attention and then negotiate. She stated that McDonald's has stated that they are still interested but are awaiting market demands and therefore it is unknown when they will actually desire to move forward.

Mayor Strommen noted that there have been several extensions on the development of the property.

Ms. Edstrom Smith stated that she does not believe that McDonald's has nefarious intentions but simply does not know when they will move forward. She stated that a settlement could provide a variety of results. She stated that she would not recommend a straight extension as it does not seem that McDonald's knows when they want to develop. She stated that there is cost to file suit and the City would want to think whether they have a buyer for the property if they do obtain the property back.

Councilmember Kuzma asked the cost of a potential lawsuit for the City and what a reasonable outcome would be.

Ms. Edstrom Smith stated that she could develop a litigation budget but estimated the cost above \$50,000. She stated that it would be hard to guess the end result, whether McDonald's would want compensation for the property. She stated that it is unknown whether McDonald's believes that this will be a desirable site in the future and that is why they are holding on.

Councilmember Riley stated that the restrictive covenants have been removed, the City has gotten the escrow back, there is not a buyer for the site and the City has up to six years to make this decision. He stated that therefore he would not recommend trying to take the land back as the City already has a surplus of land.

Councilmember LeTourneau stated that although he agrees with Councilmember Riley that the City does not need more City owned land. He stated that if there was a buyer for the property, at least the City would have access to it, and the City could in essence sell the property again.

Councilmember Williams stated that she disagrees with the last two comments. She stated that this is a valuable property and perhaps the most valuable property in The COR. She stated that if McDonald's is unable, or unwilling, to develop the property the City should pursue getting that property back as she believes that it has a great development opportunity which is why McDonald's has sat on the property. She stated that there was a development agreement which specified that McDonald's must build by a set date, which has been extended multiple times.

Councilmember Kuzma stated that he is done waiting for McDonald's. He stated that he is willing to negotiate but either McDonald's will build or they will lose the property.

Ms. Edstrom Smith stated that the City has no obligation to pay McDonald's for the property. She stated that if McDonald's is willing to part with the property, she would believe the negotiation would fall under some kind of compensation but again noted the City does not have an obligation to pay them.

Councilmember Kuzma stated that he would be willing to offer one more round of negotiations offering to let McDonald's build one more time or they will lose the property.

Ms. Edstrom Smith stated that a judge could make the decision that even though the City is not obligated to compensate McDonald's, in terms of fairness they may deem that the City must pay a certain amount for the property.

Councilmember Shryock stated that while she would like to avoid creating bad blood with McDonald's, she would still like to see something built there whether that is McDonald's or another business.

Councilmember Johns stated that she would fall on the side of filing suit. She stated that she would support one round of negotiations but wants to see something built on the site.

Councilmember Riley agreed that everyone wants to see something built on the property. He asked whether it would hurt or help the City if they were to file suit on a landowner in Ramsey.

Mayor Strommen stated that she frankly does not care if McDonald's comes to Ramsey at this point. She stated that there were agreements made that have expired time and time again and they do not share information with the City. She agreed that this is a valuable piece of property and it should be available. She stated that last year the City stated that this would be the last extension and McDonald's did not even sign the agreement or provide the escrow.

Councilmember Kuzma stated that if the City were to bring action he does not think that would bring a bad light to the City but simply show that the City takes their agreements seriously.

Councilmember Williams agreed with Councilmember Kuzma's statement. She stated that real estate agreements such as this are often in place and when you do not fulfill the agreement the other party has the right to pursue their options and enact the clauses in the agreement.

City Administrator Ulrich stated that the City and McDonald's are both in different positions than they were when the property was sold and the City is in a good position to either build or take the property back. He stated that it is probably worth it to go back to McDonald's and ask them to clarify and express their intentions more clearly. He stated that if the development cannot continue as originally agreed upon to build, the City should then pursue their rights under the agreement to obtain the property.

Councilmember Kuzma confirmed that the restrictive covenants have been removed from the property.

Ms. Edstrom Smith provided clarifying information that the document states that the restrictive covenants are not in place because McDonald's was not in operation by the specified date.

Mayor Strommen confirmed the consensus of the Council to direct staff to reach out to McDonald's and clarify their intent noting that McDonald's would need to build immediately or the City will pursue their rights under the revert language.

Councilmember LeTourneau stated that McDonald's has not been truthful in their intentions thus far and would use this as another opportunity to push the can down the road and take up more time and the City would still not have control of the property. He asked if the City filed a lawsuit against McDonald's and McDonald's came back and said they would build by a certain date, could the City then stop the lawsuit and whether the City would then lose the ability to file suit again.

Ms. Edstrom Smith stated that if a suit is filed and McDonald's did respond in that manner, the City would not pull the suit simply on the word of McDonald's and would instead perhaps agree to slow play the lawsuit. She stated that either way the City would not lose the ability to file suit a second time.

2.02: Update Case: PSD LLC Business Park Proposal & Business Subsidy Request

Asst. City Administrator/Economic Development Manager Brama reviewed the staff report.

Councilmember Williams stated that she likes this type of building.

Councilmember LeTourneau stated that he is excited and this provides a great opportunity. He stated that he needs for the EDA to be actively engaged in this process as he would love to have their feedback. He stated that if there is going to be a subsidy, it would need to follow the subsidy policy.

Councilmember Kuzma stated that he is interested in moving forward as well.

Mayor Strommen confirmed the consensus of the Council to support this in continuing to move forward to the EDA.

2.03: Arterial Infrastructure to Serve Ramsey's Future Business Park & Capstone Homes Development

Asst. City Administrator/Economic Development Manager Brama reviewed the staff report.

Councilmember Riley asked for clarification in the difference between the net and gross amounts specified in the case. He noted that the amount specified in the case do not include the sewer and water costs, although there is identified financing for those utilities.

Asst. City Administrator/Economic Development Manager Brama stated that the gross amount of \$3,680,000 includes the trunk water and sewer costs and that is removed from the net cost of \$2,620,000

Councilmember Kuzma stated that Capstone is a great project and the business park is a great project but he would not be in favor of putting this on a tax levy. He stated that he would recommend other alternatives.

Councilmember Riley stated that the Capstone project looks great alone but noted that it is nice to see that there is another project in the business park potentially that will move forward at the same time which is a great sign of the future success of the business park. He agreed that he would not want to see the existing residents of Ramsey footing the bill, through a levy, to create a new development.

Mayor Strommen confirmed the consensus of the Council to support this to continue to move forward.

Steve Bono, Capstone Homes, stated that they are thrilled to be talking about another development which would be a large neighborhood with amenities. He stated that they were interested in obtaining Council input as they do want to move forward and wanted to ensure that the Council was supportive before they continue to move forward.

Mayor Strommen commended Capstone for attending the meeting and providing the necessary information so that the Council can be comfortable with the information provided to them.

3. TOPICS FOR FUTURE DISCUSSION

3.01: Review Future Topics/ Calendar

City Administrator Ulrich stated that staff is attempting to schedule Anoka Ramsey Athletic Association to come to an April worksession, as the Council last met with that organization two years ago. He stated that the Council would meet with the Planning Commission in April or May to check in on the Comprehensive Plan process.

Councilmember Riley suggested putting a timeline on the review of the process for the towing contract, as the process will need to be reviewed prior to the towing contract renewal.

4. MAYOR / COUNCIL / STAFF INPUT

Mayor Strommen stated that they were alerted today that the Highway 10 Rail Bill will have a two-minute hearing tomorrow in the House Transportation Finance Committee. She stated that staff alerted the Highway 10 Coalition. She plans to be present for the hearing but noted that it is unknown if the Committee will even get to all the bills. She stated that she will attempt to gather more information on the process but noted that they will only have two minutes. She stated that City Administrator Ulrich will be present and she will alert Councilmember Shryock in the case that she cannot attend. She stated that she does not feel that it is important for the other members

of the Council to attend as Anoka and Ramsey will be speaking together and because there will be so many others in the room, they will not be able to see if there is a large showing from Ramsey.

City Administrator Ulrich stated that Representative Whelan is sponsoring three large transportation bills between Anoka and Ramsey. He noted that at the regular Council meeting they will be recognizing the PACT Charter School and Anoka High School dance teams. He stated that staff is attempting to recognize more groups of this nature and encouraged the Council to provide suggestions of any other youth teams or organizations that they may know of.

5. ADJOURNMENT

The Work Session of the City Council was adjourned at 6:51 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.