

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

The Ramsey City Council conducted a City Council Work Session on Tuesday, May 28, 2019, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Mayor John LeTourneau  
Councilmember Nadine Heinrich  
Councilmember Mark Kuzma  
Councilmember Debra Musgrove  
Councilmember Chris Riley

Also Present: City Administrator Kurtis Ulrich  
Finance Director Diana Lund  
Public Works Superintendent Grant Riemer  
Community Development Director Timothy Gladhill  
City Engineer Bruce Westby  
Elwyn Tinklenberg of the Tinklenberg Group

**1. CALL TO ORDER**

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

**2. TOPICS FOR DISCUSSION**

**2.01: Washington D.C. Meetings**

City Administrator Ulrich reviewed the staff report.

Mr. Tinklenberg agreed that this was a very productive trip with successful meetings; he provided a brief update on the meetings with the different representatives and their staff. He stated that there is a lot of enthusiasm for moving forward on transportation issues. He stated that there are no new dollars allocated towards transportation for Ramsey in the approved State budget and therefore the opportunity to obtain Federal funding would provide assistance for the City to leverage State funding. He stated that the opportunity for Ramsey to meet with Committee staff to help design the transportation initiative is a unique opportunity and encouraged the City to take advantage. He provided a brief update on the State legislative activities regarding Highway 10. He stated that Ramsey has been positioning itself in order to pursue funding in 2020 and if that occurs the City would be able to begin construction in 2021 or 2022. He stated that a package of funding will be needed to make the Highway 10 project work and Federal funds will be a part of that package. He stated that the additional trip to Washington D.C. is an important opportunity for the City to pursue additional funding.

Mayor LeTourneau asked for details on the Transportation Alliance.

Mr. Tinklenberg stated that there is an annual event, the D.C. Fly In, which has about 30 to 35 attendees. He explained that the purpose is to meet with the Congressional delegation and reviewed some of those invited to attend. He stated that the purpose is to be updated on activities in Washington D.C. but also provides time within the schedule for attendees to talk with representatives about local projects. He stated that it is a great opportunity that he has participated in several times over the years. He believed that it would be appropriate for Ramsey to participate with the group. He stated that the Transportation Alliance is a large group of people in Minnesota involved with transportation in different ways.

Mayor LeTourneau commented that it seemed the group is involved with all different modes of transportation and not just highways. He stated that it seems that having a representative present would allow Ramsey to keep the Highway 10 project on the radar and also share the story with other municipal and county representatives. He stated that the additional Washington D.C. trip is an opportunity for Ramsey to tell its story in support of Congressman Emmer's request for transportation funding.

Councilmember Musgrove stated that the case mentioned that this is one opportunity, but other opportunities in the future were also mentioned. She stated that she is in favor of sending a representative and asked for details on the number of people that would be sent and whom those people would be.

Mayor LeTourneau stated that initially the idea started that he would take on a champion position for transportation. He commented that the large delegation that was sent was successful but believed that this opportunity would be a smaller group, perhaps he and a staff member or consultant. He noted that he does feel confident that he could also deliver the message alone. He was unsure of the next opportunity but believed the City should remain open.

City Administrator Ulrich noted that there would be another opportunity in April or May of next year. He stated that Mr. Tinklenberg could also keep the group aware of other possible opportunities.

Councilmember Riley agreed that Mayor LeTourneau should fill the role. He stated that he would also like to make a decision based on the big picture, rather than making individual decisions for trips.

Mr. Tinklenberg stated that typically there are opportunities in the spring, as there are fewer opportunities in the fall when the budget details are being finalized. He reviewed some possible opportunities that occur.

City Administrator Ulrich stated that Community Development Director Gladhill will be going to the Planning Convention in the fall and could set up meetings with representatives while he is there.

Mayor LeTourneau stated that typically a trip to Washington D.C. is planned every three years or so but with the increased focus on attempting to gain funding for Highway 10, there could be additional opportunities in the next year to 18 months.

Mr. Tinklenberg stated that opportunities may arise that come from a Congressman, such as this opportunity, and would therefore be hard to predict. He estimated that there would perhaps be three to four opportunities within the next 12 months, which includes this opportunity. He explained that would be unique to this year because of the emphasis on gaining funding for 2020.

Councilmember Heinrich stated that she shares the support of the trip because of the enthusiasm and momentum that the City has built and believes that it is important to capitalize on the opportunity. She agreed that Mayor LeTourneau could complete this visit on his own.

Mr. Tinklenberg stated that sending only Mayor LeTourneau puts a lot of pressure on him in terms of scheduling and logistics. He believed that having one support person to focus on logistics would be helpful and allow Mayor LeTourneau to better focus.

Councilmember Kuzma agreed that it would be in the best interest to bring Mr. Tinklenberg with to help facilitate meetings and logistics.

Mayor LeTourneau agreed that Mr. Tinklenberg's connections and networking ability would be helpful.

Councilmember Kuzma stated that when MnDOT visited the City a few years prior, there was discussion about creative funding and asked if there was any momentum for that.

Mr. Tinklenberg stated that unfortunately the Governor and his staff was not supportive of that creative funding. He noted that he will be speaking with the Commissioner and new Governor in attempt to determine if there is any renewed interest in creative funding.

Councilmember Heinrich agreed that it was extremely helpful to have Mr. Tinklenberg with on the most recent trip to Washington D.C. because of his networking connections related to transportation and his knowledge of the layout.

City Administrator Ulrich confirmed the consensus of the Council to send Mayor LeTourneau and Mr. Tinklenberg to Washington D.C. and attend the conference.

## **2.02: Local Road Funding**

City Administrator Ulrich provided an overview on the topic of local road funding.

Finance Director Lund reviewed the staff report.

Councilmember Riley asked the current median home value in Ramsey.

Finance Director Lund replied that the median value falls between \$225,000 to \$240,000.

Councilmember Riley suggested that the first line and the last line for home values be removed from the list, as there are no homes that fall within those ranges.

Finance Director Lund replied that there are seven residential properties in the range of \$1,000,000 to \$5,000,000.

Councilmember Riley still suggested removing the top range from the list, as there are no properties in Ramsey under \$100,000.

Councilmember Musgrove asked the number of residential properties under the breakeven mark.

Finance Director Lund provided those details.

Mayor LeTourneau asked and received confirmation that with the franchise fee, 78 percent of homeowners would pay less than the property tax (if the road funds are bonded).

City Administrator Ulrich stated that this chart would show proof that this is not a regressive tax and is not based on home value, simply applied equally.

Mayor LeTourneau stated that it would not seem that this fee would devastate someone's ability to pay rent or purchase groceries.

Councilmember Riley commented that this method of road financing would save money for 78 percent of the residents.

Mayor LeTourneau acknowledged that this is a dramatic decision for the community and having these different points of view helps to continue to inform the group.

The consensus of the Council to remove the range below \$100,000, as there are zero properties in that range.

Councilmember Riley left the meeting.

Councilmember Musgrove stated that within her ward there are multiple apartments, townhomes, and senior living facilities compared to other wards that have more residential properties with land and single-family homes. She stated that some townhome developments have private roads rather than municipal roads and therefore already pay to maintain those roads. She stated that those residents that have private roads would then seem to pay for the franchise fees and their HOA costs for road maintenance.

Finance Director Lund commented that franchise fees would be similar to the school district taxes, in that some people pay for the school district tax but do not have children. She noted that everyone uses the City roads, regardless of where they live.

Councilmember Musgrove asked if there is a way this could be more equitable.

Councilmember Kuzma commented that this would be \$120 per year, which is \$10 per month. He referenced the levy amount and asked if that is currently bonded for and whether that is paid back within one year or over multiple years.

Finance Director Lund commented that for the purpose of the spreadsheet she put the road debt on the property tax levy, rather than levying. She explained that currently the City bonds for ten years at a time.

Mayor LeTourneau stated that the City is considering no longer using bonding and therefore the road financing would be applied straight to the levy. He confirmed that the spreadsheet did not include bonding and instead compared the use of the franchise fee to putting the road debt onto the levy.

Councilmember Musgrove asked how road funding was done in the past.

Mayor LeTourneau noted that there was not a plan prior to the five-year plan being developed.

Finance Director Lund explained that in 2009 or 2010 there was \$1,300,000 put into the budget for road maintenance and reconstruction, which was funded by major staff reductions.

City Administrator Ulrich stated that there were also one-time funding sources used in the past. He noted that each year \$500,000 was included in the budget.

Finance Director Lund explained that the City will not be bonding this year and is using previously unexpended funds for the projects this year. She noted that some road improvements are not eligible for bonding and that is why the unexpended funds remained, for use in future projects that could not be bonded for.

City Administrator Ulrich stated that in order to maintain the roads in the way the City desires, there will need to be money allocated through franchise fees or increased property taxes.

Councilmember Riley explained that while the City was building out, there was not a plan for maintenance and road reconstruction. He explained that the current plan went into place five years ago, using assessments, which residents do not like and is also increasing taxes. He stated that the two other choices would be to raise the property taxes or utilize the franchise fee. He stated that if there was a franchise fee, there would not be an increase of an additional 6.46 percent to property taxes. He stated that the franchise fee is also equal for all users, as the size of a home is not equitable to how much someone drives.

Mr. Matthews commented that franchise fees cannot be deducted on income tax but noted that assessments are also not deductible on income taxes and therefore it is a wash on what you can deduct.

City Administrator Ulrich welcomed the feedback from the Council. He reviewed the other elements that were included with the case tonight for review.

Finance Director Lund provided additional details on the example policy included in the case that would address properties that have already paid assessments.

Councilmember Kuzma asked the consensus of the Council towards moving forward on franchise fees. He stated that a large amount of staff time is being spent on this issue and he would like input from the Council on whether this should continue to move forward.

City Administrator Ulrich asked if the Council is at the point where an ordinance should be introduced, noting that there are additional options that could be pursued as well. He stated that additional research could continue to be done as well.

Councilmember Kuzma stated that he would like the Council to continue to move forward on the franchise fee.

Councilmember Musgrove stated that she still has questions. She stated that part of her issue is that it would not be a part of the property taxes. She stated that she would have concerns with the impact to lower income residents and noted that businesses could also pass that fee onto their customers.

Councilmember Heinrich stated that she would be interested in finding out whether this topic could go on the ballot to gain additional input. She acknowledged that there would need to be more education before that could happen.

Councilmember Kuzma stated that the City has attempted to educate the public but there has not been much interest from the general public in learning more about the topic. He stated that there is a problem with road funding and as elected officials, a decision will need to be made as to whether the franchise fees are used or whether the property taxes will need to be increased. He believed that it would be difficult to add the property tax increase of 6.46 percent to the annual increases simply for other budgeted items, or to fund roads in that manner.

Mayor LeTourneau stated that it appears that there may need to be more discussion on the topic.

Finance Director Lund explained that when the previous ordinance regarding franchise fees was adopted, there was a public hearing and the only commenters were commercial properties because of the percentage rate proposed for those properties.

### **2.03: Membership in Mississippi River Cities and Towns Initiative 2019**

City Administrator Ulrich reviewed the staff report.

The consensus of the Council was to drop this membership and instead join the Minnesota Transportation Alliance.

**2.04: Consideration of Highway 10 Committee Appointment**

City Administrator Ulrich reviewed the staff report.

The consensus of the Council was to appoint Councilmember Heinrich to the vacant position on the Highway 10 Committee.

**3. TOPICS FOR FUTURE DISCUSSION**

**3.01: Review Future Topics/ Calendar**

Noted.

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

None.

**5. ADJOURNMENT**

The Work Session of the City Council was adjourned at 6:55 p.m.

Respectfully submitted,

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Kurtis G. Ulrich  
City Administrator

ATTEST:

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Katie M. Schmidt  
Administrative Assistant

Drafted by Amanda Staple  
*TimeSaver Off Site Secretarial, Inc.*