

**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 12, 2020, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota. Meeting by telephone or other electronic means in accordance with Minnesota Statute 13D.021.

Members Present: Mayor John LeTourneau
Councilmember Nadine Heinrich
Councilmember Mark Kuzma
Councilmember Jeff Menth
Councilmember Debra Musgrove
Councilmember Chris Riley
Councilmember Dan Specht

Also Present: City Administrator Kurtis Ulrich
Finance Director Diana Lund
Police Chief Jeff Katers
Public Works Superintendent Grant Riemer
Deputy City Administrator Timothy Gladhill
City Engineer Bruce Westby
City Planner Chris Anderson

1. CALL TO ORDER

Mayor LeTourneau called the City Council Work Session to order at 5:20 p.m.

City Administrator Ulrich read a statement related to the COVID-19 pandemic and local state of emergency. In declaring this Local State of Emergency, the City of Ramsey has determined that in person meetings and meetings conducted under Minnesota Statutes Section 13D.02 are not practical or prudent because of the declared health pandemic emergency.

2. TOPICS FOR DISCUSSION

2.01: Discuss Pavement Management Plan Funding Options

City Administrator Ulrich reviewed the staff report.

Councilmember Musgrove asked if the City could look at the road projects, not in only relationship to the condition, but also in developments where special assessments have been successful. She stated that the majority of residents have been willing to pay the assessment.

City Engineer Westby stated that staff is going to review the CIP this summer and fall to complete a deep dive and determine how many projects can be done as proposed with mill and

overlay or whether full reconstruction is needed. He confirmed that the two projects that were petitioned against had larger lots. He stated that the full depth reclamation projects in developments with smaller lots tend to carry lesser assessments and were not petitioned against. He noted that the two petition projects occurred within the last two years and therefore it is unknown as to whether the reason was because of the larger lots and cost, or whether word has spread that residents can petition against the project.

Councilmember Kuzma asked the process that would be necessary for the franchise fee option to move forward as that is the direction he would support.

City Administrator Ulrich explained that a public hearing would be necessary to introduce the ordinance, with two readings and the adoption to follow. He noted that a 60-day notice would be necessary to the utilities and the ordinance would be subject to recall through petition.

Mayor LeTourneau asked the steps that would be necessary for the assessment and/or tax levy options.

City Administrator Ulrich noted that process would not be necessary but noted that the five-year plan would need to be adopted by October. He noted that it would not be an ordinance but instead a Council policy which is typically done by resolution.

Councilmember Musgrove stated that when reviewing the study results from the Charter Commission and University of MN, she found it interesting that different cities are still using different options. She stated that she liked the idea of street districting and the sliding scale for assessments depending on the rating of the roadway.

Councilmember Specht thanked staff for putting all the information together and to the Charter Commission for commissioning the study. He asked for background information on how the City used franchise fees in the past.

Finance Director Lund stated that in 2003 the City had LGA and market value homestead credit cut and therefore the City used the franchise fees to make up for the lost aid. She stated that once the credit was recouped the franchise fee sunset. She believed that the charge was \$3 or \$4 per month for every user, commercial and residential.

Councilmember Riley stated that from his standpoint he would like to frame the discussion that he would not move forward with the current assessment system any further as it has shown itself to be ineffective during the five-year period. He stated that there is a five to ten percent extra cost for projects with accumulated interest through assessments and the residents assessed never feel that the assessment is a fair amount. He stated that he also does not feel that the assessment is done to those that benefit the most. He provided the example of residents on Jarvis and Andre, that paid a large assessment and did not benefit as much as the truck and other collector traffic that use the roadway. He stated that Variolite would be another example, as there are few homes on the heavily used roads but acknowledged that the project is not being assessed. He stated that the City completed a five-year test and he believed that the results show that method does not

work. He stated that 75 percent of the project cost is still being shared by the remainder of the City while 25 percent of the cost is assessed.

Councilmember Heinrich asked staff for an update on the survey that was placed on the City website related to road financing.

City Administrator Ulrich replied that the results were sent to the Council and are attached to the case. He noted that there were 18 respondents and the survey was available for over six months.

Mayor LeTourneau stated that 18 respondents are not significant representation of the community.

City Administrator Ulrich agreed that is not representative of the population as a whole.

Councilmember Heinrich stated that she believes that it is important that the public understands that the Council is viewing that information. She agreed that this does not capture all the comments from the public, noting that others have voiced their comments during the previous public houses. She stated that the majority of people that she speaks to do not favor the franchise fee option because they view it as a regressive tax. She stated that she does not want to move forward with the franchise fee option.

City Administrator Ulrich stated that the survey is currently open, and residents can still participate.

Councilmember Kuzma stated that three of the major reconstructions were within his ward and he received many comments from those residents that were assessed. He stated that those residents favor the franchise fee option because of their experience with large assessments. He stated that the majority of residents that he has spoken with favor franchise fees. He noted that one project that was stopped through petition was stopped because the residents were hoping for franchise fees to begin. He stated that if franchise fees move forward, it would be a five-year trial, similar to assessments, and the franchise fees would strictly be used for road repair.

Councilmember Musgrove stated that there was only one City that was repaying the special assessments from previous years. She referenced the numbers on the graph presented in the case and asked if that included payback.

Finance Director Lund replied that was an analysis done in 2019 that has not been updated. She noted that the residents have to request the rebate and have paid the assessment to be eligible for rebates. She provided updated information in terms of bonding and franchise fees.

Councilmember Musgrove asked if those figures include the reimbursement.

Finance Director Lund replied that was not included as she did not want to spend the additional staff time without that direction from the Council.

Councilmember Musgrove stated that she is not in favor of the franchise fee option but if that option moves forward, she does not support reimbursement of the assessments paid. She used the example of a permit fee that could have been paid in the past and then the permit amount is reduced. She stated that reduction would not be refunded to those that paid the higher amount in the past. She stated that Councilmember Kuzma mentioned that many of those that refused the project did that because they were hoping franchise fees would move forward. She did not believe that was a valid reason to petition a project.

City Administrator Ulrich explained that the residents do not have to have a reason but simply state that they oppose the project.

Mayor LeTourneau stated that this has been a long discussion and asked for a consensus of the Council. He noted that thus far Councilmembers Riley and Kuzma support franchise fees while Councilmembers Heinrich and Musgrove would not.

Councilmember Specht stated that the residents that he has spoken with have concerns that franchise fees are a progressive tax and therefore he supports the full amount being supported by the levy. He stated that he does not support the current assessment method.

Councilmember Menth stated that most people do not like the current road funding system which causes a lot of wasted time. He stated that he understands that the franchise fee is regressive, but it is easier to pay a \$10 or less bill per month than a much higher assessment. He stated that he supports the franchise fee option, even though his road has already been fixed. He stated that he could support City funding through the levy but would prefer franchise fees.

Councilmember Riley stated that it would depend who you talk to. He explained that people that have paid \$6,000 or more in assessments much prefer the method of franchise fees which is a small budgetable amount. He stated that he prefers franchise fees and could also support full City funding through the levy but would not support assessments.

Mayor LeTourneau stated that he would also favor franchise fees because the assessment method does not make sense. He stated that he would welcome more discussion about putting it on the tax rolls but would not allow for a future Council to neglect road funding in the future, as was done in the past. He stated that the franchise fee would provide dedicated and controlled funding.

Councilmember Heinrich asked if a more united front could be gained for funding through full tax levy. She stated that she feels that there is not full support for franchise fees and did not want to see the process stopped like it was the previous year.

Mayor LeTourneau stated that consensus has been reached to support franchise fees. He stated that he supports franchise fees and while the tax levy would be another method of funding, he does not support that choice over franchise fees. He stated that assessments are too costly, and he will not support that funding method in any form.

Councilmember Kuzma stated that everyone must recognize that the public works facility will raise taxes to some degree and there are studies being completed that could result in additional improvements that may increase taxes. He stated that franchise fees would provide a dedicated funding source for roads at a small monthly cost to residents. He stated that seems to be the most logical method to provide a dedicated funding source for roads.

Councilmember Musgrove commented that while residents do not want tax increases, they would support an increase in taxes for roads. She stated that she would be open to the levy option. She asked that staff provide information to her on the difference in cost between the levy and bonding.

Finance Director Lund confirmed that she could share that information with the Council. She commented that in regard to the levy there is the public works facility and capital equipment that will come forward as additional debt. She stated that the biggest payer of the levy increases are the businesses because businesses have the highest property values.

Councilmember Specht stated that the franchise fee is a tax but done in a different way. He stated that the Council must decide what is most fair and equitable. He stated that many residents receive property tax refunds.

Councilmember Riley agreed that franchise fees are a tax. He asked if staff has looked to determine if there is perhaps a sweet spot at which a combination of levy increase and franchise fees could be used.

Finance Director Lund stated that staff has not investigated that method.

Councilmember Riley stated that perhaps staff investigate that option for further review.

The consensus of the Council was to direct staff to focus on franchise fees but also investigate options related to a straight tax levy.

City Administrator Ulrich stated that it is clear that the assessment method will not move forward, and staff will prepare additional information to review the other options.

2.02: Provide Direction on Curbside Recycling Program

Mayor LeTourneau recognized the time constraints for this case, noting that this could move forward for discussion and if needed, this could continue to the regular meeting.

City Planner Chris Anderson reviewed the staff report.

Councilmember Heinrich stated that she is happy with ACE and the service they provide, recognizing that ACE is a local business. She stated that she is an advocate for obtaining requests for proposals and would like to see that as an option.

Councilmember Menth stated that he would be against the concept of having multiple trucks picking up recycling as that will be more stress on the roads.

Councilmember Musgrove referenced the cost of the previous contract and whether the cost has changed or increased. She asked if the contract allows for adjustments that may come from the State.

City Planner Anderson stated that the cost with ACE throughout this contract and previous contracts has remained consistent at \$2.95 per month. He stated that if there were negotiations with ACE, monthly cost per household would be up for discussion. He stated that he has not heard anything that would jeopardize the SCORE funding that is passed from the State to the individual counties.

Councilmember Kuzma stated that the previous week the Council spent a lot of time reviewing the Commissions and the EPB has provided direction that he would support. He stated that ACE has made improvements to their local facility and would support continuing to work with ACE.

Councilmember Heinrich asked staff to clarify how many years residents have paid \$2.95 per month through the contract with ACE.

City Planner Anderson replied that the current contract is a three-year contract and believed that last contract was also three years, with perhaps a one-year extension. He noted that the contract prior to that was a five-year contract and the City converted to the single sort system during that contract time. He confirmed that the price remained consistent throughout the single sort time.

Councilmember Specht stated that he appreciates the service that ACE provides and the excellent job they do. He stated that he also appreciates transparency and would be open to accepting proposals, which ACE could participate in.

Councilmember Heinrich asked for clarity on her question related to how long the residents have been charged \$2.95 per month.

Randy Triplett, ACE Solid Waste, confirmed that the rate was held consistent for at least the past nine years, even with the recent changes to the recycling market. He noted that in order to provide more information he would need to review the contract details.

Finance Director Lund stated that the contract with ACE began in 2007 and the current rate began in 2008.

Mayor LeTourneau summarized the consensus of the Council to be happy with the service ACE provides and directing staff to negotiate a new contract. He suggested that staff could review the pricing compared to the market and if there is a disparity, the Council could choose to go out for a RFP. He confirmed that the information would come back to the Council.

City Administrator Ulrich confirmed that staff will work with ACE to negotiate a new contract based on what the market for recycling is.

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 6:52 p.m.

Respectfully submitted,

Kurtis G. Ulrich
City Administrator

ATTEST:

Katie M. Schmidt
Administrative Assistant

Drafted by Amanda Staple
TimeSaver Off Site Secretarial, Inc.