

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

The Ramsey City Council conducted a City Council Work Session on Tuesday, November 9, 2021, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Mayor Mark Kuzma
Councilmember Ryan Heineman
Councilmember Chelsea Howell
Councilmember Debra Musgrove
Councilmember Chris Riley
Councilmember Dan Specht
Councilmember Matt Woestehoff

Also Present: City Administrator Kurtis Ulrich
Finance Director Diana Lund
City Engineer Bruce Westby
Public Works Superintendent Grant Riemer
Fire Chief Matt Kohner
Police Chief Jeff Katers
Communications and Events Coordinator Megan Thorstad
City Attorney Frederick Knaak

1. CALL TO ORDER

Mayor Kuzma called the City Council Work Session to order at 5:30 p.m.

2. TOPICS FOR DISCUSSION

**2.01: Discussion Regarding Union Contract Negotiations for AFSCME and LELS-Patrol
(Portions Closed to the Public)**

City Administrator Ulrich gave an update on the union negotiations stating first in public that the AFSCME Union has accepted the City's last offer. It will be brought to the next meeting for the Council's approval.

City Administrator Ulrich recommended discussion of the LELS-Patrol contracts be done in Closed Session.

Motion by Councilmember Musgrove, seconded by Councilmember Woestehoff, to recess to Closed Session at 5:32 p.m.

Motion carried. Voting Yes: Mayor Kuzma, Councilmembers Musgrove, Woestehoff, Heineman, Howell, Riley, and Specht. Voting No: None.

The meeting reconvened to Open Session at 6:00 p.m.

City Administrator Ulrich reported that during the Closed Session, the Council gave direction on the LELS-Patrol Contract and Staff will move forward with the negotiation.

2.02: Discussion Regarding a Personnel Matter (Closed to the Public)

City Administrator Ulrich explained that the purpose of the case is to provide the City Council with an update regarding a personnel matter. He recommended this update be provided during a Closed Session.

Motion by Councilmember Musgrove, seconded by Councilmember Woestehoff, to recess to Closed Session at 6:00 p.m.

Motion carried. Voting Yes: Mayor Kuzma, Councilmembers Musgrove, Woestehoff, Heineman, Howell, Riley, and Specht. Voting No: None.

The meeting reconvened to Open Session at 6:05 p.m.

City Administrator Ulrich reported that during the Closed Session, the Council gave direction to Staff.

2.03: Discuss the use of Holiday Event Encumbered Funds

Communications and Events Coordinator Thorstad reviewed the case to discuss the use of budgeted funds for the 2020 employee holiday appreciation party, which did not occur. The funds are budgeted in 2021 which is why this discussion is happening now. The amount is \$2,750, which is traditionally budgeted during the fiscal year. The Staff would like discussion regarding separating the Boards and Commissions event. Traditionally after the Boards and Commissions term ends every year in March, a more formal event would take place in April to express appreciation. It is proposed to go back to having the two separate events.

Councilmember Musgrove asked what Staff would recommend. She stated she would still like to see the Commissioners recognized in a different format. She was unclear why the events would need to be together.

City Administrator Ulrich explained the combined event was held for budget saving reasons. He reviewed that about ten years ago, Council had two separate events. The Commissioner and spouse event was a little more formal sit-down dinner and the employee event was more informal with games. The two events were combined to do one menu and one venue and Commissioners can mingle with Staff. He noted that a lot of participation was lost from the Commissioners because the venue was different than what the Commissioners were used to. He felt it was a little better to do a separate event but it works to do one event. He noted an additional benefit of expenditure that wasn't spent because of COVID and questioned if this would set a precedent for future years. He explained this is a way to recognize this was a different year both for employees and the

Commission who had to work differently. That may be a rationale for doing two separate events this year and not necessarily carrying it forward. He noted it will be more expensive to do two events but may provide some special recognition this year.

Councilmember Specht agreed.

Councilmember Musgrove referenced the funding and asked if the Commissioners have a fund balance that the event for them could come from. She referenced the employee event at Superbowl and asked if there would be a charge for that or would it come out of their fund.

City Administrator Ulrich replied there are two year's allocation for the one party. A quote was received from Superbowl for the employee party and depending on direction tonight, quotes would be obtained for a sit-down dinner at Northfork or another venue that is a little more upscale.

Councilmember Heineman commented that he didn't want to diminish the work the Commission does but this event has been done the same way for a while now and to change it for the sake of pageantry, may set a precedent that he didn't support. He recognized it wouldn't be a large amount of money but stated camaraderie is important as well. He noted when he was on the Commission, he had no expectation of a sit-down dinner.

Councilmember Howell asked if there was a way to keep the expenditure down if there were to be consensus on two parties. She suggested being creative and perhaps not doing a sit-down dinner which would create an expectation that more will be spent every year going forward.

Councilmember Woestehoff recalled going to a party as a Commissioner and being excited that it was an event and the fact that it was or wasn't a sit-down dinner didn't matter. He commented that coming out of the COVID-era and spending more time on things like Staff events and morale is money well spent. He agreed with splitting the events for this year and limiting it to this year as an exception year. He acknowledged the point made about not wanting additional expenses was valid but he felt it would be nice to do something to get people back together.

Councilmember Specht supported having two different groups because they work hard and it is very minor in the grand scheme of things. His stated there is a benefit of encouraging comingling but there are other ways to do that, which was his only hesitation. He was in support if Staff felt it was best.

Mayor Kuzma commented that with the fact a lot of Zoom meetings had to occur, this would be a nice way to thank the Commissioners. He supported two different events this year but would like to see review after the events to potentially bring it back to one in the future.

Councilmember Musgrove referenced the budget and asked if there are already funds budgeted for the Commissioners' event. She also asked if it would be possible to hold the event within the budgeted range or if additional funding would be needed.

City Administrator Ulrich replied two years of funding is available, 2021 year which is used for an event in January and they would have the current 2022 allocation as well. The proposed budget would be \$2,750 for each event.

Councilmember Musgrove commented that since it is already budgeted, if there is a way to be creative and to do it within that amount, she would support it.

The consensus of the Council was to hold two separate events this year on a trial basis.

2.04: Special Assessment/ Franchise Fee Rebate Alternatives

Finance Director Lund reviewed the Staff report. She stated the franchise fee ordinance as currently written states the lesser of the special assessment or the franchise fee is rebated. What is being proposed is if the annual assessment is less than the original franchise fee amount, the annual assessment fee amount remains as being the rebate. The item that needs to be considered is if the franchise fee amount was less than the annual assessment, what amount would be reimbursed because the franchise fee has been discontinued. She explained that what is being proposed if a rebate is offered, is that the annual assessment remains if that amount originally was less than the franchise fee amount and to do 25% of the annual assessment if the franchise fee was less than the assessment back at a previous time.

Mayor Kuzma referenced the staff report and asked where the \$47,000 is coming from.

Finance Director Lund replied it won't be that great, it will be less. She referenced the Staff report and noted that under the Pavement Management Fund, for 2021 end date, the franchise fee was estimated to be \$2.7 million, which was to pay back the properties in relation to the double meter of the special assessment. At the end of 2022, taking into consideration the \$1.6 million that would go on the property tax and then the Pavement Management Program, there will be about \$1.1 million at the end of 2022 to carry forward. With the proposal of the 15% increase, at the end of 2023, paying out a higher amount, a balance in the pavement management fund to incorporate this.

City Administrator Ulrich asked if residents would be required to file for a rebate and this would not be automatic, what would the participation rate be.

Finance Director Lund replied it is hard to say. Last year, rebates were given back for five payments and this year people have the capability to get \$168 and commercial could be a little higher. She stated a letter for the 2021 rebate will go out in January for people to apply for the rebate. She has already received calls asking about the rebate for 2021 based on information in the newsletter so she expects more inquiries at the end of the year about what is happening regarding getting special assessments back with the franchise fee.

Councilmember Riley commented that it is known who the residents are and how much would potentially be owed, a letter is sent, and yet the residents have to apply for the rebate.

Finance Director Lund replied the residents are verifying that they are still the property owner who paid the assessment and that they paid the franchise fee and she normally asks for a copy of the

bill to verify identity. With businesses, she only received two last year and didn't know how much their franchise fee was because she can't get that information, they have to send it to her. She is using the City of Elk River as a model for applying for the rebate and the issue would be if someone sells the property.

Councilmember Heinemann asked what would happen if the entire assessment was paid.

Finance Director Lund replied it is treated the same. They are looked at even if prepaid and are still under the same term of that special assessment. She explained that anyone who lived, for example, on Garnett Street which was the first project in 2015, and was assessed, if they are still the current homeowner, they are eligible for the rebate up until 2025.

Finance Director Lund requested direction whether the Council still wants to keep the rebate in place that it would follow either the lesser of the assessment or the 25% of the annual assessment amount if their franchise fee was less than their special assessment previous.

Councilmember Specht thanked Finance Director Lund for her work on this. He stated he supports this, thinks it is fair to continue the rebate, and noted it is already incorporated in the cost.

Councilmember Woestehoff commented that he agreed and the only hesitation he had was that there may be confusion between whether they are getting the entire assessment rebated or just 25%. He noted that may be a hard thing to explain and procedurally, they will need a resolution to back it up.

City Administrator Ulrich commented the City had a basic explanation.

Finance Director Lund summarized that it is a rebate program and the resolution will say that at the time it will be based off the scenario if the special assessment was less than the franchise fee of \$168 when it went into effect, they will be rebated the special assessment. Since the franchise fee has been discontinued, if the special assessment exceeds that original \$168 assessment, they will receive 25% of the annual assessment amount.

City Administrator Ulrich commended Finance Director Lund for her work on this because it creates a good balance of living up to the obligation the Council had pledged to the 375 property owners that were assessed and expecting some rebate for the franchise fee. He noted when the City embarked on the franchise fee, there was some relief to people who had projects done in the last five years.

Councilmember Woestehoff referenced a page from the case and asked what the property owner got on the franchise fee rebate and if they are getting a drastic change between the franchise fee rebate and what is being proposed.

Finance Director Lund replied she would need to see what the franchise fee amount was because there were some that didn't turn anything in so it was used as an estimate.

Councilmember Musgrove also thanked Finance Director Lund for her work on this and asked if the 25% comes from before the franchise fee when the City paid 75% and the resident paid 25% of the assessment.

Finance Director Lund replied yes, the resident paid the 25% assessment.

Councilmember Musgrove commented that makes sense because the City is trying to cover the 25% because the City had already covered 75% of the assessment from City funding sources.

Finance Director Lund stated she will draft a resolution for consideration on November 23, 2021.

The consensus of the Council was to move ahead with the rebate.

2.05: Discussion and Update of 2022 Budget/ Levy

Finance Director Diana Lund reviewed the staff report. She highlighted the personnel requests even though they don't affect the tax levy to get direction for the upcoming items in 2022 from the Staff. She asked for direction on the capital equipment requests, membership subscriptions, and the budget for final adoption.

Finance Director Lund stated that IT Manager Jason Frederickson requested to purchase the copiers all together to make purchasing easier.

Councilmember Riley referenced the 4x4 hybrid car that is still on the list and stated he would prefer that to be a traditional vehicle.

Finance Director Lund replied that was an error that it had been changed to a new Ford Explorer for \$32,000 on the CIP sheet. She stated there should be a total of \$633,800 in capital equipment requests.

Councilmember Musgrove referenced some questions she had sent in which had to do with minimizing items with trade-ins. She sees some of them listed with a trade in value but not all of them.

Finance Director Lund replied the trade in amounts that are listed are from requests for capital equipment requests. She explained when things are traded in, the trade in amount would go back into the same funds.

Councilmember Musgrove asked about the balance for the capital equipment fund for 2021.

Finance Director Lund replied the balance for the equipment fund for the end of 2022, using the capital purchases, will be \$21,000.

Councilmember Musgrove referenced the copiers. She stated that she would like to see one or two, which still have about three years out of ten years left. She said IT Manager Frederickson had mentioned getting the same model which would be good for maintenance but if they got four

that were a terrible model, it wouldn't be good. She noted that the priority of the four copiers is equal to the police car and while two police cars were taken out of the budget, the copiers were kept in the budget. She suggested purchasing two copiers in one year and two copiers the following year because they still have three years left on the expected life of the copiers. She asked if any of the copiers going into the public works building.

Public Works Supervisor Reimer replied they have their own copiers.

Councilmember Specht asked if they get a lot of feedback that the copiers don't work.

City Administrator Ulrich replied that the fallback recommendation from Staff was to push the purchase of the copiers out to 2023. He explained the desire to purchase the copiers as a group was greater than to replace machines that are failing right now.

Councilmember Howell stated she thought the Council had a consensus on purchasing one to two copiers so she was surprised to see all four listed. She recalled IT Manager Frederickson saying that none of the copiers were failing and the service contract was based on the usage rather than repairs so she would be in favor of replacing one to two copiers.

Mayor Kuzma commented that the Staff is recommending instead of splitting the purchase, to push it to 2023 and he would support it.

Councilmember Heineman commented that they are not getting any trade in value but would be giving up three years of life. If the City did that for every piece of equipment, they would be replacing equipment a lot faster so he would support the purchase being pushed back to 2023.

Councilmember Woestehoff commented he would prefer purchasing two now and two at another time because he didn't see the benefit of purchasing all four at once. He recognized there is a perceived support benefit but if they are deployed properly, it's not an issue. That is why systems exist to manage those sorts of things. He would be comfortable with purchasing two and two as he sees that the useful life is ten years but he has a hard time with a printer that is ten years old being a good investment. He was concerned with pushing off the purchase to 2023 because the cost may go up.

Councilmember Heineman stated that it is a good point, the copiers may be more expensive in time and with COVID and the use of digital going up, the useful life may be ten years. He supported pushing the purchase to 2023.

Councilmember Howell asked how urgent was the need for the administration department's new copier that was on the list.

City Administrator Ulrich replied he didn't have an answer at this time, noting it was a new machine and they could try out the new model.

Councilmember Heineman asked if he was proposing to get rid of purchasing three copiers and just buy one.

City Administrator Ulrich confirmed this.

Councilmember Heineman stated he would be in favor if they pushed the purchase of three copiers back and bought one new copier this year.

City Administrator Ulrich asked the Council if they supported purchasing one new copier for the administration department and delaying the purchase of three copiers to 2023.

The Council agreed.

Finance Director Lund asked if there were any other questions in regard to the capital equipment requests.

Councilmember Heineman referenced the line striper and asked how often that is used.

Public Works Superintendent Riemer replied weekly and right now, the City stripes 17 fields every week plus nine ball fields.

Councilmember Howell referenced the line striper and asked if there was a way to get one cheaper than \$19,000.

Public Work Superintendent Riemer replied that Staff has been looking into that, including looking on eBay trying to find parts for it. He explained it is a struggle to keep it running being it is around ten years old. He noted the proposed model is used by Anoka and some of the surrounding cities and Staff has gotten good feedback on it.

Councilmember Howell referenced the Durabase composite mats that had to be borrowed and asked how often those were used.

Public Works Superintendent Riemer replied it was situational. Sometimes it could be three or four times a year, sometimes it may not be used in a year. It just depended on the year and when the storm water ponds need maintenance. He noted the Durabase composite mats are hard to get.

Councilmember Specht asked if that was something they could rent out.

Public Works Superintendent Riemer replied he didn't know about rental but it is something that is needed to do the work.

Councilmember Howell asked Fire Chief Matt Kohner regarding the tables and chairs in the fire training room, if they would be able to get the price down.

Fire Chief Kohner replied yes, although he did not have the exact price. He noted that at the end of August, Councilmember Howell had contacts provide a quote on furniture but Staff was not able to use the quoted price at this time and will have to start the process over again. He is confident that it will be lower than the \$30,000 that is listed.

City Administrator Ulrich asked Fire Chief Kohner if \$25,000 is a number he would be comfortable with.

Fire Chief Kohner confirmed this and commented when they do the CIP, they are out so far that it is more of a placeholder. He indicated that all of the items that are listed under Fire should come in less than what is shown.

Finance Director Diana Lund asked for the consensus on the levy.

Mayor Kuzma stated they are currently at 5% and asked if the Council still had time to consider it before the final budget adoption.

Finance Director Lund replied there is one meeting before the final adoption on December 14, 2021, when she has to do the summary of what the Council is adopting so the levy would have to be decided tonight or at the next meeting.

Councilmember Woestehoff asked if the 5% included the current estimates for the outstanding labor contracts.

Finance Director Lund replied there is 3% in the budget and she did not increase the building revenue by a few thousand dollars, just to have some offsetting.

Mayor Kuzma stated the Council can't raise the levy right now.

Councilmember Woestehoff replied he understood.

Mayor Kuzma stated he didn't think the Council should lower the levy at this point and asked if the Council was comfortable with the 5%.

Councilmember Musgrove commented she would like to see if they could lower it, if that was a possibility, since the equipment is really coming from the CIP. She asked about Community Involvement and if those dollars are coming from the Gambling Fund so that is separate from the General Fund.

Finance Director Lund confirmed this.

Councilmember Musgrove referenced the Lower Rum River Watershed Management Organization (LRRWMO) fee and asked if it was accurate for the membership because she thought it was higher than what was listed.

Finance Director Lund replied no, the LRRWMO actually reduced the fee in 2021. Finance Director Lund asked if the Council wanted to see the budget at the next Work Session.

Mayor Kuzma replied the Council would need to know where they stand by December 6, 2021, so they will need to have it done before then.

Finance Director Lund corrected that December 13, 2021 was the adoption of the final budget.

Mayor Kuzma stated if the Council lowers the levy tonight and surprises come, then the Council cannot go back and increase the levy.

Councilmember Howell commented that she wished the Council could cut the levy by 2.5%. She felt that personnel expenditures were really high and if they had discussed each position instead of pushing it through, the Council could have decided whether it was worth it to bring them all on and agree to the expenses.

Mayor Kuzma replied Ramsey is growing, has needs, and he felt the salary requests were justified. He didn't know how the Council would be able to cut out 2% and he couldn't support it.

Councilmember Heineman asked if 5% is similar to what other cities are doing.

Finance Director Lund replied with the road levy being included, it is different. She has seen 3%, 4%, and some are at 0% for levy increases. She noted if you look at the tax rate of other cities, if their rate is staying constant, they are likely keeping the levy the same. Some cities are going down but Ramsey went up because of the roads. She noted if Ramsey was doing a 5% levy across the board, most people would have seen a decrease in their taxes this year because of the value increase. She looked at 5% as being part of the proposal and thought they would follow that as a starting point to go forward.

Councilmember Heineman asked if those numbers, comparing Ramsey to other cities, included the 15% dedicated towards roads.

Finance Director Lund confirmed this. She stated the tax rate in the case includes the 15%.

Councilmember Heineman commented that although that number looks higher than it did last year, there was a bit of a hidden increase that was not evident in last year's number that residents paid through the franchise fee. He noted that although it looks like the number has increased, when compared to the total payment capacity, what residents were paying last year, he thinks they are far better off than that represents. He stated there are a lot of taxes that weren't captured on that sheet because of it being captured through a franchise fee. He stated he supports decreasing the number but not today.

Councilmember Musgrove asked where else the budget would go down because they don't have any other things to look at to be creative.

Mayor Kuzma replied that Staff and the Council have a week to look at things and be creative.

Councilmember Heineman commented his position is that if they are looking for more creative options, don't pigeon hole ourselves by going down right now, because the Council still has the option to do that. He noted with the personnel funding requests, he didn't see how they would get below 5%.

Mayor Kuzma stated there is a consensus by four in agreement.

City Administrator Ulrich stated Staff will continue to explore what other cities are doing for their levy and get that information back for Council consideration.

2.06: Review of 2022-2031 Capital Improvement Plan (CIP)

This item was not discussed.

2.07: Discuss November 16 Joint Meeting Agenda

Councilmember Musgrove asked the Council to table this discussion with all of the other items on the agenda. She felt coming out of the previous meeting, that it was too broad of an agenda and difficult, with a lot of voices and issues, to have a really productive meeting. She felt the Council did better when there were issues the Planning Commission wanted to bring to the Council level to vet. She stated she felt fatigue and didn't know if that would be productive.

City Administrator Ulrich replied Staff has limited the agenda to two items, the vision for Highway 10 and MUSA expansion, how the Council feels about continuing to build within the defined MUSA area. He stated it should be better defined than the last meeting that got sidetracked with the late addition of Pact Charter. He noted that was not something brought up through the Planning Commission but it was time well spent because the Planning Commission received needed direction. He stated there had also been discussion about a billboard sign which took up a lot of time but is now resolved. He explained the two big items for policy discussion are the vision for The COR, Highway 10, and the MUSA line.

Councilmember Specht asked if there was anything urgent that the Council would need to reconvene after the regular meeting to address.

Councilmember Howell asked if there would be any interest in pushing the November 16 joint meeting back until after budget discussions are resolved. Because then, the Council could focus their energy on creative solutions instead of holding other meetings that aren't necessarily urgent.

Councilmember Heineman stated he would be in favor of that.

City Administrator Ulrich asked if there was consensus to push the November 16 joint meeting to the first of the year where it will fit in with the rest of the strategic planning.

The Council agreed.

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 6:58 p.m.

Respectfully submitted,

Kurtis G. Ulrich
City Administrator

ATTEST:

Katie M. Schmidt
Deputy City Clerk

Drafted by Joni Helmeke
TimeSaver Off Site Secretarial, Inc.