

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

The Ramsey City Council conducted a City Council Work Session on Tuesday, September 13, 2022, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Councilmember Ryan Heineman – attended remotely
Councilmember Chelsea Howell
Councilmember Debra Musgrove
Councilmember Chris Riley
Councilmember Dan Specht
Councilmember Matt Woestehoff

Members Absent: Mayor Kuzma

Also Present: City Administrator Brian Hagen
City Engineer/Interim Public Works Director Westby
Finance Director Diana Lund
Fire Chief Matt Kohner
Administrative Services Director Colleen Lasher
Police Captain Brad Bluml
Assistant City Engineer Joe Feriancek – attended remotely
City Attorney Fritz Knaak

1. CALL TO ORDER

Acting Mayor Riley called the City Council Work Session to order at 5:32 p.m.

2. TOPICS FOR DISCUSSION

2.01: Discuss 2022 Game Fair Invoice

City Administrator Hagen reviewed the staff report and provided the information concerning the invoice for the police department fees related to the Game Fair as well as general labor and equipment hours logged by Public Works from the Game Fair event. He stated that when the invoice was sent to Game Fair, the payment was sent back at half of the amount, citing that this payment matched past practices. He added he discussed with other Staff and found that this was past practice, however, it was under a different Council and administration. He asked for updated feedback on if this current Council wants to continue this direction.

Councilmember Specht stated he would be okay with half of the invoiced amount to leave the possibility of a good future and good relationship with Game Fair. He added that at some point it would be beneficial if there were a police or City Staff out there. He would hate to lose Game Fair.

Acting Mayor Riley added that Game Fair is very vital to the City and Game Fair does a great service to Ramsey.

Councilmember Woestehoff asked if Council or anyone else knew what a similar sponsorship package with Game Fair would cost for the booth and the marketing materials. He stated he imagined it was over the cost of half of the invoice.

City Administrator Hagen stated he did not know what a sponsorship package would cost, however; the booth cost was approximately \$700-\$800. To Councilmember Woestehoff's point, he added that Game Fair did use Ramsey's logo and announced on the Game Fair website that they were in Ramsey so it served as some advertising in that perspective.

Councilmember Heineman asked if a quote had been sent to Game Fair or if only an invoice had been sent. He stated that this year, the City should let Game Fair pay the half and in future years, send them different quotes with different options so that there is an agreed upon price before the actual event.

City Administrator Hagen mentioned there was no discussion up front, however; it is something to think about moving forward. He added the planning aspect started a little late and Game Fair only reached out less than a month before the event.

Councilmember Heineman reiterated his point about sending them a quote in the future. He asked for confirmation that the services the City billed for was double what it had been in the past.

City Administrator Hagen said no and that the invoice amount is generally in line with what Game Fair has received in the past; however, historically, the City has waived half of that fee, partially due to having a free booth at the event and allowing Ramsey to advertise what is going on in the City.

Acting Mayor Riley said he was comfortable with this and suggested that moving forward they memorialize this.

Councilmember Musgrove stated she was glad Staff brought this forward because of the difference in circumstances. She added she is not happy to see this, although Game Fair is a valued member of the Ramsey community, she thinks that Game Fair assuming that they will get all the services for not having Ramsey participate in it is not the predicate that Game Fair would have with a previous agreement. She is glad to talk about some kind of agreement or understanding moving forward. She does not want it to be assumed year after year that whether or not Ramsey has a booth Game Fair will only pay for half of the services. She asked where the funds come from to pay for this.

Finance Director Lund stated the funds come out of the police budget as it was paid out of their overtime account. Approximately \$10,000 worth of overtime was billed and that the other half of the total, the \$5,000 came out of the overall budget of the general fund.

Councilmember Musgrove proposed the funds potentially come from the EDA since part of the other value was related to discussions concerning promoting Ramsey

Acting Mayor Riley agreed that it was a good idea for next year, since this year's funds were built into the 2022 budget.

Finance Director Lund shared that in the past, 50% has been funded by the EDA but it was not presented in this past year in regard to funding the additional 50% which is why it has been absorbed into the general fund.

Councilmember Howell stated it is reasonable to leave the paid amount from Game Fair as half for this year. Going forward, she asked if Game Fair makes money and they profit from having the Game Fair in Ramsey, why should the taxpayers fund half of their police expenses. She added she would not be in favor of paying half moving forward.

Councilmember Specht asked if Ramsey gave Game Fair any other funding or if it is just the money for the services.

City Administrator Hagen said that was correct.

Councilmember Specht mentioned that he saw many different advertisements for Ramsey around town and he does not know the equivalent would be of the benefit the City is getting in, so he sees that Ramsey is getting some benefit back but it is not enough to make it worthwhile.

Councilmember Woestehoff asked Councilmember Musgrove if she was suggesting that the EDA pay for the half that Game Fair is not paying.

Councilmember Musgrove confirmed.

Councilmember Woestehoff then explained that the EDA would pay the police department for that half.

Councilmember Musgrove added that there seems to be a lot of promotion and advertisement that should come out of the EDA fund rather than the police fund.

Councilmember Woestehoff agreed that this was a great solution.

Councilmember Musgrove asked if more information could come back to the Council regarding potentially just paying for a booth and how much the booth and Staff time would cost as well as the cost of police services for next year and how this would work into the budget for next year versus waiting until the next Game Fair to decide.

Acting Mayor Riley asked if Councilmember Musgrove was asking for next year if the Council can get the information ahead of time for the Council to be able to make decisions on.

Councilmember Musgrove said yes and that she would also like to hear some of the options of different things, such as, Ramsey paying for a booth and Game Fair paying for the services, or half of the services, and what portion would come from the EDA and what portion would be paid out from Game Fair.

Acting Mayor Riley stated this is a perfectly good discussion for the future; however, there is still the present discussion of half of the invoiced amount from this year. He added that it seems like the consensus of the Council is to go with the 50% and that money come out of the EDA fund rather than the police fund.

Councilmember Heineman stated that it seems like the City is subsidizing the invoice quite a bit, because if it is only \$800 for a booth and the City is paying for parking for the Staff, it sounds like if the City bills Game Fair for the money going forward and then the City just paid their own way it would save money. He asked if Ramsey could just pay the 50% that Game Fair is asking this year and in the future make it a practice for Ramsey to pay their own way for a booth and charge Game Fair the full amount.

Councilmember Woestehoff stated he agreed with Councilmember Heineman and echoed Councilmember Specht's point that Ramsey gets a lot of publicity from the Game Fair. He added that he pulled up the information and a 20'X20' booth at Game Fair is \$1,700. He added he is unsure if every exhibitor gets their logo on all of the marketing materials. He agreed that his consensus for now would be to pay the other half that Game Fair is asking Ramsey to pay and move forward with other discussions for coming years.

Councilmember Heineman stated that if the total value of the free booth and the advertising equals the difference in the invoice, then he thinks it is okay to continue to move forward with that, but if the total value is less than the half of the invoice then a different discussion needs to be had about what is more beneficial to Ramsey. He emphasized the need to determine if Ramsey is losing money on the agreement or saving money.

Acting Mayor Riley stated it seems the Council is in agreement with this year's total of paying the 50% coming out of the EDA fund. He added he imagines that Coca-Cola and the other high level sponsors pay much more than \$5,000 for their sponsorship; however, this discussion can be had later to quantify the value.

The consensus of the Council was to pay the other 50% of the invoice out of the EDA fund as well as making it a point to revisit this before the next Game Fair event.

2.02: Final 2023 Budget/Levy Review Before Preliminary Adoption on 9-27-2022

Finance Director Lund discussed the Staff report and gave a summary of what was discussed at the last work session on August 23. She stated the net result of removing the police squad video cameras and the unmanned aerial vehicle was \$186,000 reduced from the tax levy. She explained the preliminary amount that would be presented at the September 27 meeting would be \$18,292,245, representing an increase of almost \$2,979,000 or 19.64% over last year. She added that this number does include the additional road debt so there would be a 15 year levy in the

amount of \$1,145,000. She explained the tax effect on the taxpayer. She mentioned the tax capacity rate based off of the reduction of \$186,000 makes it 40.562% versus 42.238% in 2022; however, these numbers are subject to change. She explained that if there were no changes this evening, this is what will be presented at the next meeting on September 27 and will go out on the property tax statements that the taxpayers will receive in November.

Councilmember Specht thanked Finance Director Lund for all of her work on this. He added that last year's Ramsey Resident was done well because it described some of the changes to the road funding pavement management program and thinks that if this could be sent out in a similar easy to understand format that would go over well with the taxpayers so they understand where the money is going.

Acting Mayor Riley asked if the general fund is going up by \$1,400,000, or 12%, but it is about \$1,145,000 for roads.

Finance Director Lund stated the general levy does not include anything related to roads, it stands alone to cover the operations of the City, the \$375,000 from the APRA funds is within the general fund budget but will transfer in, so it does not affect the general tax levy. The pavement management levy is the amount that was levied last year plus an additional 5%, and the additional debt service of the 15 years related to the roads falls under the bond levy.

Acting Mayor Riley asked about the increase that was talked about and if that was hitting the debt service levy.

Finance Director Lund said yes.

Acting Mayor Riley stated the general fund is increasing 12% mainly due to wages. He explained that these numbers are what was discussed and the consensus of the Council at the last work session meeting. He asked Councilmember Heineman if he had anything to add or any questions, as he was not at the last meeting.

Councilmember Heineman said that he was present at the last meeting.

Councilmember Musgrove asked City Administrator Hagen about the discussion of the Recreational Specialist and the opportunity to compensate for that wage increase. She mentioned she spoke with Interim Parks and Assistant Public Works Director Riverblood and he said there was some work done on this. She asked if there were any updates on this.

City Administrator Hagen explained that he thought most of the discussion was around the park dedication fee and whether that could be used or not, which it cannot be used outside of new improvements or purchases for parks. He stated there are gambling proceeds that offset some of the programming. He was not sure what else was out there other than charging for some of the programs.

Councilmember Musgrove asked if there would be fees that could be assessed to help compensate for the increase in the wages.

Finance Director Lund explained that rates, fees, and charges schedule is currently being worked on and some of that information could be in this schedule, but as of right now she does not know if those types of fees are proposed.

Acting Mayor Riley stated that gas was a major increase and he understood gas was high and is coming down. He asked if it was a reasonable assumption to make that it would be less of an increase.

Finance Director Lund reiterated this is preliminary and as it comes closer to the time of the final budget there may be a better idea of what is happening in the economy. She added she is using numbers from the past and accounting for the new vehicles and the increase in gas prices that have been seen, she is estimating these numbers. She said she will continue to watch the numbers but she does not feel comfortable reducing the gas numbers at this time.

Councilmember Specht stated the fees can be looked at later.

Councilmember Musgrove asked about the LOGIS contract and the \$20,000 increase. She asked if that meant there would be an increase in Staff access or if they will be providing more Staff access.

Finance Director Lund explained that there are so many software packages from LOGIS and this was the price increment increase in those items. She directed Councilmember Musgrove to page 26 of the package so Councilmember Musgrove can see what is increased. Finance Director Lund mentioned the largest part of the cost in the server backup hosting, which increased from \$40,000 to \$54,000.

Councilmember Woestehoff asked if the major increase is a natural increase or if it is due to the body cam system.

Finance Director Lund stated that the City is now backing up items on an off site server and she believes that this is the reason for the cost increase.

Councilmember Musgrove asked because in the past LOGIS has only had so many staff and the City could not use them a lot because of their low staffing. She asked for confirmation that this is mainly programing increases not increasing any staff access.

Finance Director Lund said yes and when looking at the software packages they are all from LOGIS.

Councilmember Specht stated that he spoke to IT Manager Frederickson in July about another possible solution of Metro-iNet and there was a list of 18 items and how much is paid for each thing and it was still more cost efficient with LOGIS.

Councilmember Woestehoff said he did some quick math and looking at the contract section it is only about a 6% increase, which is in line with what he would expect.

Councilmember Specht added that Acting Mayor Riley said it well last time, that he does not love the way the budget looks, but this is what the City needs. He added it would be nice to cut the budget but as the Council goes through the budget, these are the needs of the City and he is comfortable with where the budget is.

Councilmember Musgrove agreed and thanked Finance Director Lund for all of her hard work with changing numbers and getting back to the Council with information.

Acting Mayor Riley told Finance Director Lund how much her work is appreciated.

Finance Director Lund mentioned the \$1,900,000 of ARPA funds that will be applied to the roads and asked if it was okay if she applied that money against the road projects this year so she can get that recorded that these funds have been used and it stays in the pavement management fund. She further explained that there will be bond money going towards the roads as well and there are date restrictions and this way she can continue to meet the timelines and it saves the pavement management funds for the roads.

Acting Mayor Riley said he believes everyone would be okay with that and it is just a matter of allocating these funds. He would love to see the money spent as fast as possible, given the City's resources and abilities the money will still be spent over a number of years, but the roads are currently deteriorating.

Finance Director Lund stated she wanted to make everyone aware because there will be a single audit on it this year.

Acting Mayor Riley asked if the single audit is only for this year.

Finance Director Lund explained that there is one each year if it exceeds \$750,000 in federal dollars and there will most likely be one next year also.

Acting Mayor Riley asked if it was a major program with its own reporting.

Finance Director Lund said yes.

Acting Mayor Riley asked if this would be done in one year.

Finance Director Lund stated the \$1,900,000 would be used up this year as well as the police cameras so the City may fall below the \$750,000 for next year since only \$375,000 will be used for the spray patching. She discussed since the Council had already decided to issue debt by the end of the year and with December 13 being the last Council meeting, the bond issuance needs to be started the same night the levy is adopted, which will be September 27. During this meeting it will be called for a public hearing since the City is issuing road reconstruction bonds which are subject to reverse referendum so there is a 30 day waiting period, where it would ask for a public hearing on September 27, go to the paper on September 30, the public hearing would be held on October 11, the rating will be on December 5 and it will be brought for the sale of bond at the

December 13 meeting. She added that more can be discussed about the bonds in regard to the water treatment plant. She added that if a larger bond issue is done all at once, normally bigger firms will give a better rating, which could have a reduced interest rate. She mentioned that PACT Charter School is issuing their debt at the end of September and part of that was them escrowing funds if the City issued less than \$10,000,000 but with the City's issuance of \$12,000,000, PACT will no longer have to spend these funds. She said she will communicate with PACT on the City's issuance numbers.

Acting Mayor Riley asked the Council if they were all in agreement.

Councilmember Specht asked about a rough estimate of a time frame of getting caught up on these projects.

City Engineer/Interim Public Works Director Westby stated that he is diligently working on this and there is a plan to spend the bond money within three years and it would have to be spent by December of 2025. He added that the City will need to use a consultant for one of the larger State aid projects each year over the next three years and the rest can be done in house.

Acting Mayor Riley asked if it was \$12,000,000 of bond money in addition to the \$1,700,000 that the City would be setting aside every year.

City Engineer/Interim Public Works Director Westby said that was correct.

Councilmember Specht asked about the COVID money as well.

Finance Director Lund stated it will all go into the pavement management fund.

Councilmember Specht added this will tie into the Highway 10 construction.

City Administrator Hagen mentioned the motion that will be made later this evening in regard to the temporary snow plow wages and wanted to see if the Council had any questions on this as part of the budget process.

Administrative Services Director Lasher discussed the first case on the regular agenda to increase pay scales of the temporary ice rink attendant and the temporary on-call snow plow driver. She explained the estimated increase for 2022-2023 is \$5,040 if Council agrees to her recommendation. She added this money would be spread over the two budget years and the 2022 portion would come from the savings due to Staff turnover this year and the 2023 portion would come from the contingency fund.

Acting Mayor Riley stated he believes if they did not do this the City would not be able to hire anyone.

The Council was in agreement to move forward with the wage increase.

City Administrator Hagen explained that Mayor Kuzma was reached out to by the Mississippi River Cities and Towns Initiative which is an association that Ramsey has been a part of in the past, but since has been dropped. He stated the request is coming from a bridge over the Mississippi and which will be a priority to Ramsey in the coming years and it could be an association that Ramsey becomes part of again. He added the association can help with funding resources, how to design the project, and other things of that nature. He wanted to gauge Council's opinions on considering this association in the future. He stated the quote for 2022 was \$3,000.

Councilmember Musgrove stated she is not in support at this time. She thinks right now it would be better to get local people together in regard to the Mississippi crossing and get action going on a local level. She added it may be something worth looking into down the road.

Councilmember Howell agreed with Councilmember Musgrove and is not in support at this time.

Councilmember Heineman said he did not really know what Ramsey would be getting out of this. He mentioned he liked the idea of working with cities directly, starting with Dayton. He stated he is also against it at this time.

Councilmember Specht agreed that with the tight budget now he is not in support. He discussed the meeting from last December with some of the State Representatives and it was not much of Ramsey's appetite at the State level. He said it seems to be quite a ways off before anything will happen.

Acting Mayor Riley said it seems the consensus is a no for right now.

City Administrator Hagen stated the cell tower lease is set to expire in approximately three years and the City was reached out to amend or extend the agreement. The current lease amount is \$2,800 a month which is \$33,600 a year, the proposal is to drop it to \$1,800 a month. He added the notion behind it is that the cell towers on top of water towers are 4G capable and this technology is changing, and carriers are decommissioning sites. He asked for Council's feedback on how he should push back with Verizon on the lease amount, if he should stand firm on the price so the City can get the revenue while risking them walking away or drop the lease amount to keep them in the agreement. He added that Verizon would be requesting up to 25 years, which equals \$600,000-\$650,000 depending on the final agreed upon amount over the 25 years.

Acting Mayor Riley asked if any discussion had been had on a fair market value would be from an outside party.

City Administrator Hagen said he reached out to some other cities and those cities are getting a much better rate. He added that they would continue to push back as the equipment is already on the water towers and Verizon would not have to build their own standalone tower so there are cost savings there. He stated other cities are seeing close to \$2,500-\$2,700 a month in revenue on leases established within the last two years.

Councilmember Woestehoff asked for clarification that this is for the water tower.

City Administrator Hagen said yes.

Councilmember Woestehoff asked if it was just one location or multiple.

City Administrator Hagen said he was only aware of only one location.

Finance Director Lund added it is only one, there are other leases but this is the only one with these requests.

Councilmember Woestehoff asked if the other leases are equal in value.

Finance Director Lund stated the others are higher. She asked if the 4G was obsolete why would Verizon want a 25 year lease.

City Administrator Hagen said 4G is not completely obsolete, Verizon is just saying there might be a tower in Ramsey and in Elk River and one could be dropped, and the necessary coverage would still be provided for their users.

Councilmember Woestehoff stated when the number of Gs goes up smaller cells are needed, so hypothetically they would need more towers. He does not expect 4G to go away in the next 15 years as a lot of people still use 3G.

Councilmember Heineman asked City Administrator Hagen if there was someone who could gather additional quotes of other cell phone providers that could use the tower. He asked if it had to be exclusively Verizon.

City Administrator Hagen reiterated Finance Director Lund's point that they have lease agreements with other carriers, such as Sprint and T-Mobile on Ramsey land so there may not be a location that is good for another carrier that is not in town already. He added he talked to a city that recently signed with Dish so there may be other entities that are interested; however, the City is pretty well covered for the major carriers.

Councilmember Heineman explained if Verizon does not have a tower if they are still required to provide service to customers and have to use another carrier's tower which would cost more money and stated this could be used as leverage for the lease amount.

Councilmember Specht said with three more years on the current lease he thinks the City should hold out for more money and keep the lease amount higher. With three years left in the lease there is no rush to extend.

Councilmember Musgrove asked City Administrator Hagen to repeat the numbers of the current amount and what Verizon is requesting.

City Administrator Hagen stated currently the City is collecting \$33,600 annually from Verizon and Verizon wants to drop it by \$1,000 per month, dropping the annual total to \$21,600, losing the

City \$12,000 in revenue. He added terms would increase over the years, stating over 25 years the City would collect \$660,000.

Councilmember Musgrove shared her thoughts of starting as close to the current amount as possible, even if that means doing another negotiation in another year. With the cost of everything going up a lease should not go down.

City Administrator Hagen said Verizon is telling him they do not have as big of a need for this tower as many other tower locations, so Verizon is having to drop some.

Councilmember Musgrove stated she is leaning towards not reducing the lease amount.

Councilmember Howell appreciated Finance Director Lund's point of why Verizon will need a 25 year lease if they will not need the tower.

Councilmember Specht stated he does not want to see decreased coverage for the residents but the City is in no rush to move forward with this.

Councilmember Musgrove wanted to clarify the increase in the ice rink attendant wage was also for the increase in snow plow driver wages.

Administrative Services Director Lasher said yes. She added she will be presenting this in more detail at the Council meeting later that evening.

City Engineer/Interim Public Works Director Westby presented the information discussed at a previous meeting in regard to looking at possibly ordering two snow plows this year with the intention of not replacing the motor grader that is in the budget for 2026 and having these snow plows in service by the winter of 2024. He said there is a motor grader in the CIP for 2026 to replace the 1999 John Deere and the CIP amount is \$472,000 in 2022 with equipment and everything needed. He said the intention is to replace this in the CIP with two snow plows, which would cost approximately the same amount. One of the plows will take the route of the motor grader and the other will be used for the new roads and the extension on Riverdale Drive. He mentioned that the City exceeded their eight hour snow clearing timeline that they try to target so more plows are needed. He added that it is approximately an 18 month window from when the plows are ordered until they are delivered. He mentioned the plows do not need to be ordered right away, and if they did it would be a hit on the 2023 budget and it would have to be paid for in 2023. He stated it can wait until early 2023 for them to be ordered and still have time to get them before the snow season in 2024. He asked for feedback from Council on if the plows should be ordered now or would like to revisit this at a later date.

Acting Mayor Riley said he loves the idea of getting two snow plows to replace one, but he asked what happened in a few years when the grader needs to be replaced.

City Engineer/Interim Public Works Director Westby said the grader has been looked at and it is deemed in good condition. He said the one item the mechanics are surprised has not needed to be replaced yet is the transmission; however it is running really well and if it is out of rotation for a

plow route and it is just used to grade the gravel roads it should have a number of good years left in it.

Councilmember Musgrove said she is comfortable with the two new snow plows. She mentioned she was not sure if prices will change from now to the beginning of 2023

Councilmember Woestehoff stated he generally agrees. He mentioned that a snow plow was budgeted for in the capital outlay worksheet. He added that the numbers on the budget worksheet and the numbers City Engineer/Interim Public Works Director Westby gave differ.

City Engineer/Interim Public Works Director Westby explained the one on the budget worksheet is a tandem and the ones he requested are single axles.

Councilmember Woestehoff asked if the two requested would replace the budget line item.

City Engineer/Interim Public Works Director Westby said no because the line item request is a replacement unit and the two new snow plows would be brand new units in addition to the one on the capital outlay budget.

Acting Mayor Riley added next year's budget has not been set and this is looking at locking in something for the year beyond that.

City Engineer/Interim Public Works Director Westby believes there is now time to push this off and it can be discussed at the beginning of 2023.

Acting Mayor Riley added it is a good discussion.

Councilmember Musgrove mentioned this would take off the cost of the grader later on since the grader is in the CIP. She thinks getting two snow plows for the increased work is valuable.

Councilmember Woestehoff agreed; however, he does not think any decisions need to be made today and it can be talked about in January or February.

Acting Mayor Riley asked if everyone was generally in agreement that it will be further discussed and finalized later.

Councilmember Specht asked if costs will go up within the next few months. He added he is comfortable with waiting until January to discuss but if costs go up he would rather see the order placed now.

City Engineer/Interim Public Works Director Westby shared there is about a 15%-20% increase from 2022 to 2023, so 17% was added to the estimates to account for this.

Councilmember Woestehoff asked if it is an 18 month timeline would it be a 2024 budget item regardless.

City Engineer/Interim Public Works Director Westby explained it has to be paid upon within 30 days of receiving the cabin and chassis, which will ship to them likely in the third or fourth quarter of next year.

Councilmember Heineman shared that based on his knowledge, prices will not continue to increase and prices should be leveling out. He likes the idea of saving money by buying the snow plows now, but he would also be willing to revisit later because he does not think there will be a 20% price jump into next year. With frontloading other costs, like the police vehicles, he feels comfortable pushing this discussion to next year.

Acting Mayor Riley asked if everyone was in agreement with moving this discussion to the beginning of next year.

Councilmember Specht stated he is still leaning towards this year.

There was a consensus of the Council.

2.03: Review Estimated Project Costs, Funding Sources, and Construction Schedules for Proposed Water Treatment Plant Improvements

City Engineer/Interim Public Works Director Westby gave a presentation on the proposed water treatment plant improvements. He discussed the feasibility study that was done in March of 2021 and shared the costs at the time for the proposed improvements was just under \$29,000,000. He shared this was broken into two components, the trunk water main improvements, which would bring the water from the wells to the water treatment plant. He said the bids came back at almost double what the original estimate was for this project. The original estimate was for just under \$4,000,000 and the new bids are at over \$7,000,000. He mentioned that in the meantime the water treatment plant design has been worked on, which is now estimated to cost \$38,600,000. He shared that there is a shortage of concrete and many smaller contracts are being turned down for concrete orders, so he is not sure what will happen with cement costs in the coming years. He shared that he received notice on the Riverdale Drive project that the cable barrier supplier is running out of material. He shared the new estimated cost of the project is \$47,600,000. He stated that his team has been working to refine the plans to keep costs down for the water treatment plant and the truck water main projects. He mentioned the project schedule is at about two years due to the supply shortages and demand. He added that he would like to see the plant go live a few months before peak water use season to be able to work out any bugs and commission the plant. He explained that he would be looking to bring something to Council at the next meeting to approve plans and go out for bids. He mentioned the trunk water main improvements are not as time sensitive as the water treatment plant as it is likely a four month build. He reminded Council this was driven by the health department finding manganese in the water supply which caused the City to only use wells with the lowest concentration of manganese. He said since then the City has done a good job of keeping the concentration in a safe range. He asked Council if they see the need to move forward with the plant at this time or if there should be a pause on bidding the project to see if prices come down in the future.

Councilmember Musgrove asked City Engineer/Interim Public Works Director Westby if the plant was not done at this time, when would he suggest it is looked at again for going out for bids.

City Engineer/Interim Public Works Director Westby stated that with all those who have been working in and around this project that everyone would just keep an eye on things to figure out when would be a better time.

Councilmember Musgrove shared her thoughts to pause the project and not go out for bids and have City Engineer/Interim Public Works Director Westby come back when he hears things would be better.

Acting Mayor Riley shared that in the CIP it identifies the cost \$32,000,000 and asked if this is comparable.

City Engineer/Interim Public Works Director Westby said that is correct and the number in the CIP would be revised.

Finance Director Lund added that the \$32,000,000 was a number that could be funded internally. With the cost over \$47,000,000 about \$14,000,000 would need to be bonded, adding \$4,600,000 of interest over 15 years. She discussed the handout where she accounted for these increases. She shared that these numbers are based off of today's interest rates and these too could increase.

Acting Mayor Riley asked if they were to build today they would be locking in rather large increases for the utilities.

Finance Director Lund said yes.

Councilmember Woestehoff thinks that this project should be pushed forward, as he understands the impact is not on every taxpayer, just those who use the services and it would be funded by the enterprise funds. He asked if this was correct.

Finance Director Lund said about 50% of residents are on City sewer and water.

Councilmember Woestehoff asked if it would affect the tax rate at all.

Finance Director Lund shared it would affect the rates for using the water.

Councilmember Woestehoff thinks that the price will likely be the same in two years and without knowing what interest rates will be, clean drinking water needs to be the priority. He realizes it is expensive but he does not see the price coming down for it at all and safe water is most important.

Councilmember Heineman asked if the Ramsey water rates compared to surrounding cities.

Finance Director Lund shared that Ramsey's water rates are low and raising them 10% moves Ramsey closer to Anoka.

Councilmember Heineman asked if Ramsey were to match the average rate the difference would be able to pay for the treatment facility.

Finance Director Lund said that increasing the rates to the average rate would be a lot more than a 10% increase.

Councilmember Heineman asked if the 10% was needed to fund the project.

Finance Director Lund said she used the 10% to see what it would look like using the 15 year debt using a \$14,000,000 bond; however with the new total more would need to be bonded for. The debt could be pushed out to a 20 year debt, increasing interest while decreasing the debt service payments annually, or increasing the rates the residents pay. She added there are only 4500-5000 people paying for the water so it would not be that big of an increase collected to offset the major increase in cost.

Acting Mayor Riley asked if the increases are a continued increase not just a one-time increase.

Finance Director Lund said yes.

Councilmember Woestehoff asked if the calculations account for new households.

Finance Director Lund shared she based it off of prior year revenues and doing an 8% increase across for usage.

Councilmember Woestehoff commented that there have been 1,000 houses previously approved in the City, so the number of users will go up.

Finance Director Lund stated the numbers reflect what has been collected and water usage went down this year.

Councilmember Specht reiterated there is no way of knowing what costs will do in the future and that safe water is most important. He mentioned that he had discussed with Councilmember Woestehoff that breweries and other businesses are attracted to cities who treat their water and this could help Ramsey attract those businesses. He added he does not see it as a huge rush, but with more users he wants to make sure the water is safe for all residents.

Acting Mayor Riley discussed the recent spike in lumber costs and even though the costs are high now, they have come down. He stated safe water is vital; however, he thinks by using the safer wells the City has been able to provide safe water. He would like to see a pause put on this while continually monitoring the situation regarding costs.

City Engineer/Interim Public Works Director Westby added that other cities are dealing with this same situation and Ramsey is farther along in the process than these cities. He noted that the spikes in manganese coincide with peak usage. He mentioned that Lino Lakes did a watering restriction for all residents throughout the summer so they did not have to use the higher manganese wells.

Councilmember Howell asked if there was any way to treat manganese in water outside of a water treatment plant.

City Engineer/Interim Public Works Director Westby explained that there are some biological treatments that could be used in the different pumps. These well options that were looked at early on. He said there are not any portable options that could treat the whole water supply system.

Councilmember Specht mentioned that water softeners are effective in removing manganese and asked if rebates could be offered for those who get a water softener to encourage that.

There was a consensus of the Council

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 6:56 p.m.

Respectfully submitted,

Brian S. Hagen
City Administrator

ATTEST:

Katie M. Schmidt
City Clerk

Drafted by Ava Rokosz
TimeSaver Off Site Secretarial, Inc.