

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

The Ramsey City Council conducted a City Council Work Session on Tuesday, July 18, 2023, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Mayor Mark Kuzma
Councilmember Chelsee Howell
Councilmember Debra Musgrove
Councilmember Michael Olson
Councilmember Chris Riley
Councilmember Dan Specht
Councilmember Matt Woestehoff

Also Present: City Administrator Brian Hagen
City Engineer/Public Works Director Bruce Westby
Community Development Director Stephanie Hanson
City Attorney Fritz Knaak
Economic Development Manager Sean Sullivan

1. CALL TO ORDER

Mayor Kuzma called the City Council Special Work Session to order at 6:38 p.m.

2. TOPICS FOR DISCUSSION

2.01: Attorney-Client Privileged Discussion of Litigation: PSD Holdings, LLC v. City of Ramsey - Closed to the Public

City Administrator Hagen reviewed the Staff report in regards to the litigation of PSD Holdings, LLC v. City of Ramsey.

Motion by Councilmember Woestehoff, seconded by Councilmember Musgrove, to recess to Closed Session at 6:39 p.m.

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

The meeting reconvened to Open Session at 7:51 p.m.

2.02: COR Public Infrastructure Improvements

City Administrator Hagen reviewed the Staff report concerning the COR infrastructure improvements. He shared that Staff is looking for what the Council is wanting to move forward with over the next few years.

Mayor Kuzma asked if there will be any dirt spread with the removal of all of the trees.

City Administrator Hagen explained that the Council approved going out for bids for the excavation aspect of the pond and placing the fill. He stated that the bids were advertised on Friday and will be brought back to Council at a later date.

Councilmember Specht asked if they are discussing what other projects they want to fit in this year or what they are wanting to do long term.

City Administrator Hagen stated that they are working towards what they could get done this year and that when they made the decision to do this they did not know if the TIF legislation would pass. He noted that since it has passed they now have three years to spend money against the district to reimburse themselves in the future with tax revenue. He stated that at this point it is a policy decision.

Councilmember Specht asked if a developer really wants to come into the area they could pay to come themselves.

City Administrator Hagen stated that the general practice has been a 60/40 cost split on the roadways where the City pays 60% and the property owners on either side of the road pay the remaining 40%.

Councilmember Specht asked about the fill from what they are dredging out.

City Administrator Hagen noted that the City will possibly generate a slight excess of fill. He added that the goal is that if the developer gets approval to fill these wetlands they can just push a pile of fill in. He stated that there will be plenty of fill for the City owned parcels.

Councilmember Musgrove asked about the funding and how the policy stated that they can pay themselves back with the TIF. She asked if they will be short in paying themselves back. She asked if this is with the expectation that they spend money or if that is with them not spending any additional money from the TIF fund.

City Administrator Hagen explained that the Ehlers' analysis shows how much has been collected through land sales and tax revenue. He shared what was in the analysis. He noted that development is not going to go away and they should see something in the future and extra revenue will be generated. He stated that if there are no other expenses that these revenues could go towards the district would decertify about five years early as all of the expenses would have been reimbursed. He mentioned that this memo from Ehlers was prior to any 2023 projects. He stated that if they did not spend any more dollars against the district after the 2023 projects they would likely have this paid off by 2040. He asked Council if they want to spend more against the TIF and hope for a more successful development future than what Staff has predicted.

Councilmember Musgrove asked if they have the option of paying themselves back or paying into new projects, such as finishing some of the roads in the COR that are not finished.

City Administrator Hagen stated that this is a reimbursable expense if they wanted it to be.

Economic Development Manager Sullivan explained that the cost for the newly reconstructed roads and the utilities and sidewalks are TIF eligible expenses. He stated that the Council has already committed to doing the dirt work and getting the cost for Zeolite Street and West Ramsey Parkway. He asked if the Council wants to commit to the construction of Zeolite and West Ramsey or other projects that could be rolled into this bond that Ehlers is referring to. He stated that if they do not do Zeolite and the dirt work then the development will not happen. He noted that they need to spend this money if they want to get a return on it. He said that with the hotel project moving forward and the interest with the residential development, he thinks it is important that they can get commitment to get Zeolite Street built. He added that Zeolite was something that the City had planned on building on its own so it would not be a 60/40 split; however, many of the other roads, like West Ramsey Parkway, are ones that would be a 60/40 split.

Councilmember Woestehoff asked if the Elhers' analysis assumes that the City will have about \$5,700,000 more than they are expecting but Staff is saying that all of the improvements will cost over \$7,500,000.

City Administrator Hagen stated that with the 2023 projects alone they have surpassed the \$5,700,000.

Economic Development Manager Sullivan stated that is with estimated costs.

Councilmember Musgrove stated that they approved the specs and plans for the building of these streets.

Economic Development Manager Sullivan confirmed. He reviewed the other areas in the COR where the different developments will go. He noted that in the A-2 section, both developers were given notice that they will each be responsible for 20% of the costs. He stated that as West Ramsey Parkway gets extended to the east, section A-1 will likely have some shared costs with the developers as well but would likely only be a 20% total contribution as the waterfront is on the other side. He explained that from a Staff perspective they are asking the Council for commitment to build Zeolite and West Ramsey next year, at least in the A-2 and F-1 sections. He stated that any future projects in this area will struggle if they do not take care of the roads.

Councilmember Woestehoff asked about West Ramsey in the A-1 and if they are limiting site plans in this area by putting these roads in. He asked if it would be better to put the roads in first or to leave the land open and let the future developers help decide where the road goes.

Economic Development Manager stated that he thinks that by putting A-1 in first they are setting the boundary for the waterfront park. He said that this also allows them to start working with developers to the south of this area to see what they have for spacing. He noted that whether they

built this or plat it, this piece is very important. He stated that he does not know the schedule for the infrastructure of Yolite Street.

City Administrator Hagen noted that Yolite Street was not included in the design for this year and it was more of a same-day project.

Councilmember Riley asked if this is built on the assumption that no other improvements are built into this.

City Administrator Hagen said that was correct.

Councilmember Riley stated that if Parcel 46 has 130 townhomes put on it this would have a big effect on the production of the TIF district.

Economic Development Manager Sullivan stated that this was discussed at an earlier work session and they found that on a per acre basis the apartment projects would generate the most tax increment for the district. He noted that the nice thing about property taxes from an apartment building is that it is pretty much all of the taxes that go into the district, as commercial properties have other State taxes. He stated that there are benefits for an apartment project if they are looking to generate cash. He added that this would be more than what they had anticipated when they discussed this with Elhers originally. He noted that this is 4-A not 4-D and that there is not an affordable component to what they are proposing which leads to a lower tax generation based on some legislation that just passed that lowers tax breaks for these projects.

Councilmember Musgrove asked if the Elhers' memo does not include the proposed homes or the apartment and if the return potential is greater after these developments.

Economic Development Manager Sullivan stated that was correct. He asked what items are the ones the City wants to pay themselves back for. He explained that there are some development costs that have been memorialized within the TIF district and that they may not be eligible for the TIF dollars. He stated that it is possible they can get these items added. He noted that the special legislation allows them to at least incur the expense. He explained that the order in which they make the payments back to themselves is up to the City. He stated that they could build Zeolite Street next year and reimburse themselves for that if they so choose.

Councilmember Musgrove shared that she would like to see development go forward but would also like to see how paying themselves back may impact the budget.

City Administrator Hagen stated that when looking at the policy, none of them are for the general operating fund. He said that paying these things back would help the budget in future years. He stated that TIF 1, 2, and 4 are flexible. He explained that if they want to redo the reimbursement policy to focus on where they will get the most bang for their buck, they can look at this.

Councilmember Woestehoff stated that doing Zeolite and West Ramsey makes sense. He asked if these investments that they make in the TIF district have an impact on the taxpayer or the general fund because of how it is structured.

City Administrator Hagen shared that the impact to the taxpayer would come if property values drastically decrease and the annual revenue also decreases. He noted that the Elhers' analysis assumes that property values stay the same.

Councilmember Riley stated that they have always been proponents of putting TIF dollars in the ground as it is money that the City would have to spend anyway.

City Administrator Hagen asked Council what projects they would like the City to focus on as they look at planning the 2024 projects. He noted that the Zeolite and West Ramsey projects make sense, as well as the Center Street reconstruction. He added that they stopped looking at the east side as most of the work was needed on the west end. He asked Council for feedback and direction.

Economic Development Director Sullivan stated that the numbers are estimates for the projects but they are all in costs that include sewer and water infrastructure. He noted that if they were to do F-2, F-1, and A-2, this would come out to about \$3,300,000. He added that the A-1 stretch of road will be rather expensive and would cost \$2,600,000 on its own. He noted that the TIF runs out through 2040 so the quicker they get the projects in the ground they collect the taxes earlier, so there is an advantage to getting these projects started sooner.

Mayor Kuzma asked if there is an appetite to move forward with the Zeolite Street and West Ramsey Parkway project.

Councilmember Riley noted that before talking about adding new streets they should be certain that they are able to take care of the streets that they have.

Councilmember Musgrove stated that part of adding new streets is not only the demand for upkeep, but also the demand for manual labor and may require more personnel. She added that they would need to have more street workers if they want to keep up with all streets.

Councilmember Woestehoff stated that he would be on board with Zeolite as well as the A-2 section and wait for the A-1 section and make the decision next year. He mentioned that Zeolite is an important road to get done for the upcoming projects.

Economic Development Manager Sullivan explained that as each year passes the revenue projections will get more clear. He stated that it is a gift that they were able to get a three year extension on the TIF dollars. He noted that there is not a lot of increment that will come in from the hotel project and no increment from the apartment project. He added that they will get an updated analysis from Elhers next year that will make them feel more comfortable about adding more expenses for 2025.

Councilmember Musgrove asked which street sections Councilmember Woestehoff was suggesting.

Councilmember Woestehoff stated that he would do the entire length of Zeolite as well as the small segment of West Ramsey

City Administrator Hagen explained that Center Street is more tied to when amenities are constructed in the waterfront park and the park starts to become resident visited.

Councilmember Woestehoff suggested doing Zeolite and the small portion of West Ramsey this year and then do the long stretch of West Ramsey next year and then plan on doing Center Street the following year. He reiterated that the three year extension of these funds are a gift.

Councilmember Musgrove asked if there is a cost share on the west side of West Ramsey.

Economic Development Manager Sullivan explained that Zeolite is a street that the City had already planned on reconstructing on its own so will not be a part of the cost share. He stated that the cost share of the A-1 section of West Ramsey can be negotiated. He noted that in the A-2 section, both developers were comfortable with the cost share.

Councilmember Howell agreed with Councilmember Woestehoff's suggestion of doing A-2, F-1, and F-2.

Councilmember Riley stated that these are the most important things that are TIF eligible expenses, which is why Staff has requested they discuss it.

Mayor Kuzma noted that Zeolite and the A-2 area seem to have a consensus.

Councilmember Musgrove asked what other roads in the TIF district are ones that they want to get done. She asked about any benefits of doing a larger or a smaller bond.

City Administrator Hagen explained that all of the sections colored on the map in the packet are TIF eligible expenses. He noted that the bond capacity will be dictated on how fast private development occurs and what happens with property values. He added that two TIF notes will be paid off in 2024 and 2028. He noted that these will also increase the bond capacity.

Councilmember Riley asked about segment G on the map on Bunker which says 'by County.' He asked if this had been renegotiated with the County.

Mayor Kuzma stated that this portion has a joint powers agreement.

City Engineer/Public Works Director Westby explained that this was the work that the County did last year to get this section ready for all of the work on Highway 10. He noted that the previous vision for this corridor in the CIP has been moved many years down the road.

Mayor Kuzma stated that it seems that they are trying to get the budget figured out for the next year for the Zeolite and A-2 project. He asked if this was enough to get them through to next year.

City Administrator Hagen said that they will have Elhers update the bonding capacity and compare this to the A-2, F-1, and F-2. He stated that all of West Ramsey, Zeolite, and Center Street will be designed and if they wanted to do all three next year then the plans will all be ready.

Mayor Kuzma asked if there was a consensus to move forward with Zeolite and A-2 and wait until they receive the updated Elhers' report before they make any more decisions.

City Administrator Hagen discussed the Waterfront Park.

City Engineer/Public Works Director Westby acknowledged what Staff is working on for the Waterfront Park project in 2023 and what they will be working on in 2024. He stated that this summer and fall they will begin working on a landscape plan for the park. He reviewed the other elements of the park, including the trails, water features, splash pad, and green space.

Councilmember Specht asked how the water will be filled, if they will allow it to be naturally filled or if they will be dumping water into it.

City Engineer/Public Works Director Westby shared that he was concerned with this as well; however, in talking with Bolton & Menk, he learned that when they are done dewatering they will run the dewatering into the pond. He also discussed the community building.

Councilmember Specht asked if a lot of this work is going to be outsourced or if this will be Staff time.

City Engineer/Public Works Director Westby stated that this would come from the professional services line item with the Parks general fund to work with different consultants to get the plans and cost estimates done in house.

Councilmember Woestehoff complimented City Engineer/Public Works Director Westby on the timing of the components of this project. He stated that he likes the idea of getting the trail in first so that people can begin to use it and doing the other projects in different phases.

Councilmember Riley requesting to talk about the parking aspect of this at a later meeting.

City Administrator Hagen explained that as part of the road design they have identified angled, back-in parking all along West Ramsey Parkway. He added that there would also be a parking lot next to the Waterfront Park.

Councilmember Woestehoff asked if the City has explored meters for around the waterfront and if that would even be worth the investment.

City Administrator Hagen shared that he can discuss with other cities that do have meters and bring information back to Council.

Councilmember Musgrove asked for clarification on the schedule.

City Engineer/Public Works Director Westby stated that the grading for the pond will be done this year and seeding will surround the entire park footprint. He added that they also have the obligation

to place back trees in the northwest quadrant and these will be put into the park as part of the landscaping plan. He noted that they will recommend that the trail be installed in 2024.

Councilmember Specht asked if there will be proper erosion control in this area.

City Engineer/Public Works Director Westby said yes. He said he will bring back more information and costs to the Council.

There was a consensus of the Council.

3. ADJOURNMENT

The Special Work Session of the City Council was adjourned at 8:55 p.m.

Respectfully submitted,

Brian S. Hagen
City Administrator

ATTEST:

Katie M. Schmidt
City Clerk

Drafted by Ava Rokosz
TimeSaver Off Site Secretarial, Inc.

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

The Ramsey City Council conducted a Closed Session on Tuesday, July 18, 2023, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Mayor Mark Kuzma
Councilmember Chelsee Howell
Councilmember Debra Musgrove
Councilmember Michael Olson
Councilmember Chris Riley
Councilmember Dan Specht
Councilmember Matt Woestehoff

Also Present: City Administrator Brian Hagen
Community Development Director Stephanie Hanson
City Attorney Fritz Knaak
Hoff Barry Attorney Justin Templin

1. CALL TO ORDER

Mayor Kuzma called the Closed Session of the City Council to order at 6:39 p.m.

2. COUNCIL BUSINESS

2.01: Attorney-Client Privileged Discussion of Litigation: PSD Holdings, LLC v. City of Ramsey - Closed to the Public

City Administrator Hagen reviewed the Staff report in regards to the litigation of PSD Holdings, LLC v. City of Ramsey.

The City Council discussed strategies and provided direction to Staff.

3. ADJOURNMENT

The Closed Session was adjourned at 7:49 p.m.

Respectfully submitted,

Brian S. Hagen
City Administrator

ATTEST:

Katie M. Schmidt
City Clerk

Drafted by Ava Rokosz
TimeSaver Off Site Secretarial, Inc.