

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

The Ramsey City Council conducted a City Council Work Session on Tuesday, March 12, 2024, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

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

Also Present: City Administrator Brian Hagen
Administrative Service Director Colleen Lasher
Economic Development Manager Sean Sullivan
City Attorney Fritz 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: Review Proposed Senior Project by Trident Development and Deal Framework and to Provide Feedback to Developer

Economic Development Manager Sullivan reviewed the Staff report in regard to the proposed senior living project by Trident Development. He introduced Roger Fink from Trident Development.

Roger Fink, Senior Vice President of Trident Development, came forward and gave a brief background of Trident Development. He shared that they did a third-party market study of the Ramsey market and determined that this market needs over 85 assisted living units and another 59 memory care units to meet current demand. He said that by 2027, the study indicates there will be a need for 113 assisted living units and 74 memory care units. He stated that they like this location as it is conveniently located near medical services and amenities. He explained this project will not only satisfy a need of the City but will also generate approximately 15 to 20 new full time positions with this development. He shared they are requesting financial assistance because the Minnesota Department of Health has changed the regulations around assisted living building heights and housing elderly waiver residents. He stated that if they were able to move forward with this in the TIF district, it would be a big help for them.

Mayor Kuzma asked how many years they were looking at for this to be on the TIF.

Mr. Fink said their request would be whatever the statutory maximum is; however, the Council would have discretion on how many years they would like. He shared that the development would utilize Lifespark as their management company.

Mayor Kuzma asked Mr. Fink to talk about the types of units they are proposing.

Mr. Fink explained that these units will operate as the resident's new home that provides an environment that is very accommodating. He said these units are very comfortable and have all the amenities the residents will need. He noted that moving into one of these units is normally a family decision. He added that these units also come fully furnished and have everything the resident should need.

Economic Development Manager Sullivan reviewed the financing for the project and explained that this will be pay-as-you-go financing. He shared that the developer is requesting a 60/40 split for Peridot Street, which would actually amount to an 80/20 split as the City is the land owner on one side of the road. He said this would total around \$733,600 for the City and \$183,400 for the developer for Peridot Street. He added that the developer would not like to have part in the Veterans Drive development. He asked the Council if they are okay with Veterans Drive not being constructed as a part of this project. He noted that rezoning would have to be done for this project if it does move forward.

Councilmember Specht said he is not in support of the TIF aspect of this project but would be in support of the project itself.

Mayor Kuzma asked if there would be any flexibility with the cost share for the road project.

Mr. Fink said he does not know. He noted PSD Holdings would need to be asked as they are participating in a large piece of this.

Mayor Kuzma said he likes the idea of this project and would be in support of it.

Councilmember Riley said he is not a big fan of using TIF for residential projects. He said if this was not a request for TIF he would be more likely to consider the cost share for the road; however, he cannot consider both. He wondered if this is the best location for this project and if there were possibly better places in the City this could be developed.

Councilmember Howell agreed with Councilmembers Specht and Riley. She said she is not in support of making a new TIF district. She added that she also has concerns with this being located in the COR area as well.

Councilmember Musgrove asked if the developer looked at any other areas in the City for this project. She said she is hesitant to add to the TIF districts. She asked if this would be a special kind of TIF.

Economic Development Manager Sullivan explained that this is not a special kind of TIF as there are generally three types of TIF, economic development districts, redevelopment districts, and housing districts. He stated it is common to use TIF for housing. He explained that with a TIF housing district there is greater flexibility on what the funds can be spent on. He said the TIF would be a part of their revenue stream.

Councilmember Musgrove shared that there is definitely a need for this kind of development; however, the location and the financial assistance are a big ask of the City.

Councilmember Olson agreed.

Mr. Fink thanked the Council for their opinions and feedback. He said they will continue to work with Economic Development Manager Sullivan to figure out what route they would like to take moving forward.

The consensus of the Council was that they were not in support of the project given the location and the request for tax increment financing.

2.02: Continue Discussions Regarding Proposed Updates to the Personnel Policy

Administrative Services Director Lasher reviewed the Staff report concerning the proposed updates to the personnel policy. She reviewed the proposed changes to the remainder of Section 5, Classification and Compensation, Section 6, Leave, and Section 7, Conduct.

Councilmember Musgrove asked about the severance pay percentage based on years and why the percentage increases at five years and 15 years but not at 10 years.

Administrative Services Director Lasher explained this severance policy has been in place as it is right now since before she was hired by the City which was in 2004. She said this is the way things have always been.

Councilmember Musgrove asked about the benefit of having something at the five year mark and not having any increase until 15 years.

Administrative Services Director Lasher said that the reasoning behind this has to do with employee and manager feedback. She shared this has been discussed in nearly every round of union negotiations that she has been a part of. She explained that there are areas of management that feel as though they would run into less overtime and unexpected absences if employees felt like they would have a better benefit in the end. She noted that all funds that would be distributed through the severance policy would go to the post employment healthcare savings plan.

Councilmember Musgrove asked if these dollars are only able to be spent on healthcare.

Administrative Services Director Lasher said yes because this is sick leave funding. She noted that of all of the cities she surveyed, all but one do this same thing.

Councilmember Riley asked why they are talking about changing this when they are not talking about negotiating it into a contract.

Administrative Services Director Lasher explained that the personnel policy is for non-union employees. She said that this is more of a gesture on the City's behalf to move this policy in the direction of being competitive with other area cities.

Councilmember Musgrove asked if this personnel policy was strong enough if people would not want to be a part of a union.

Administrative Services Director Lasher explained that supervisors, anyone involved in labor negotiations, and any professional employees are not in unions, and they do not have a choice in that.

Councilmember Musgrove asked why the severance amount is at 40% after five years.

Administrative Services Director Lasher shared that this seemed logical to her based on what comparable cities are doing.

Councilmember Howell said it would have been helpful to have the handout ahead of time as it is difficult to make a quick decision on this. She said she is not sure if the City would be competitive to other cities in the north metro area. She suggested starting the severance percentage lower at five years and bumping it up after 10 years and beyond.

Administrative Services Director Lasher explained that this is an ongoing process and there is still time to make decisions on this policy. She added that they can also drop the first tier lower if that is the request of the Council.

City Administrator Hagen cautioned against dropping the after five years percentage.

Councilmember Riley reiterated that this is just for non-union employees, and they have no intention of making this a global decision for the City.

Administrative Services Director Lasher said this would be a part of the negotiations process for the unions. She stated that the employees that will fall under this personnel policy are the 31 non-union employees out of the 111 total employees. She added that when she surveyed other cities, a lot of them had a sick leave severance death benefit, which would pay out the employee's sick leave to their beneficiary. She said it would be more beneficial to add a death benefit to the sick leave severance than to pay more money for life insurance. She moved on to review the changes to Section 6, Leave.

Mayor Kuzma asked if they were to change the vacation accrual to five year increments from the current structure that starts at year seven, what it would do to an employee who had been with the City for seven years.

Administrative Services Director Lasher explained that this employee would not get any back pay in the form of vacation days. She said that all employees would fall into this new scale wherever they land.

Councilmember Riley asked to clarify that this is not giving out more vacation days, it is just changing how those days are being given out.

Administrative Services Director Lasher said yes and explained that they would be giving the employees half of their vacation days up front then the other half will be accrued over time.

Councilmember Specht asked if there is a probation period for new employees for when they would start accruing vacation time.

Administrative Services Director Lasher said no and that it starts accruing at the first paycheck.

Councilmember Specht asked if it is in the employee handbook that a new employee cannot use their vacation days right away upon being hired.

Administrative Services Director Lasher said yes and noted that vacation days have to be submitted in advance and approved by the supervisor or department head.

City Administrator Hagen said they are looking at this front loading vacation model as they often have new employees coming to them with vacations planned before they have accrued enough vacation days to use. He stated that it is still the same amount of total days per year.

Administrative Services Director Lasher added that it is important to the Finance Department that employees do not take unpaid leave, as this involves finance and HR paperwork.

Councilmember Musgrove said she has concerns with this as most people should expect that they may not be able to take paid time off in their first few weeks and months in a new position. She added that it does not appear to be that common with other cities. She stated it is pretty standard that new employees have a probationary period before they begin to accrue vacation days.

Councilmember Howell asked what would prevent a prospective hire from negotiating this when they come into a new job as an alternative to changing the policy to frontload the days.

Administrative Service Director Lasher stated this is what is currently happening. She shared that what she has heard from employees is that they did not even know that it was an option. She noted that this employee is still accruing vacation hours at a higher rate.

Councilmember Howell said she would prefer to have this plan stay the way it is rather than front loading half of the days as there are risks that could go along with this.

Councilmember Specht asked about the drawbacks to frontloading the days.

City Administrator Hagen said the only drawback he could think of is that someone would start in the position and then quit a few weeks later then they have to have their vacation days paid out. He added that this could be a selling point for potential employees. He noted that he sees minimal risks to the City.

Mayor Kuzma said he likes this change as it makes the City more competitive. He noted that if someone were to quit within their first year, they could lose out on the vacation days and would not have to have them paid out.

Administrative Services Director Lasher said this is a great idea. She noted that unused vacation is currently paid out at 100%; however, they could add policy language to address the first year.

Councilmember Musgrove asked if this is something that can be written out for every tier.

Administrative Services Director Lasher said this only applies to when they are front loading vacation days.

Councilmember Musgrove asked if this would impact the union negotiations.

Administrative Services Director Lasher reiterated that this policy applies to non-union employees only.

The Council was in agreement with the changes to the vacation leave accruals.

Administrative Services Director Lasher discussed the sick leave for wellness policy. She explained that employees have shared that they do not value this benefit and would rather have a better sick leave severance policy.

The Council was in agreement with removing the sick leave for wellness policy.

Administrative Services Director Lasher reviewed the changes to the holidays, which were made consistent with the AFSME contract. She explained that this language would help clarify holiday hours for anyone who works a varying schedule. She noted that the union contracts would supersede the personnel policy regardless.

Councilmember Musgrove shared she thought they were going to discuss adding the Juneteenth holiday and that it would remove the floating holiday.

Administrative Services Director Lasher explained that the Juneteenth holiday is a mess as it was thrown upon the City and they had to react. She said the union had a real issue with the idea of giving up their floating holiday. She said they can still negotiate for this. She added that for 2023 and 2024 they are under memorandums of agreements with all unions that they get the Juneteenth holiday and the floating holiday.

Councilmember Musgrove asked if they could negotiate to keep the floating holiday but not have Juneteenth as a holiday.

Administrative Services Director Lasher said they cannot do this as Juneteenth is a Federal holiday.

Councilmember Musgrove noted that the personnel policy and the union contracts should be the same for holidays. She said she is conflicted.

Councilmember Riley said he would like to discuss this further since they never made a decision in the first place on it and the decision was thrust upon them to react.

Administrative Services Director Lasher said the plan would be to adopt this policy at the end of May. She noted that if the floating holiday were to be removed, most employees would have already used it.

City Administrator Hagen added that if Council were to remove the floating holiday, this part should be made effective January 1, 2025.

Mayor Kuzma said this piece can always be amended.

Councilmember Woestehoff said there is another day on the list that is not a Federal holiday, which is the day after Thanksgiving. He suggested removing this holiday and keeping the floating holiday.

Administrative Services Director Lasher noted the day after Thanksgiving is in the union contract and they would have a hard time staffing City Hall on that day.

Councilmember Olson said Christmas Eve is the same way as it is not a Federal holiday.

The Council was in agreement to revisit the holiday discussion at a later time.

Administrative Services Director Lasher reviewed the changes to FMLA and extended medical leave.

Councilmember Riley asked who would be using extended medical leave.

Administrative Services Director Lasher gave the example of someone who has multiple medical events all at the same time, or if someone goes out on medical leave for a medical procedure and something goes wrong, and the person ends up needing more than 84 days of FMLA. She said the use of the extended medical leave is at the discretion of the City Administrator.

Councilmember Woestehoff asked if the City offers short term disability insurance.

Administrative Services Director Lasher said the City does not offer short term disability; however, they do offer long term disability. She added that the long term disability is effective on the 91st day of leave.

Councilmember Musgrove asked if they continue to pay the benefits to the employee during this time.

Administrative Services Director Lasher explained that they would be paying the benefits to the employee through this time based on how the policy is written today and this is what they would like to change. She said it is a complaint from the Finance Department that they cannot continue to pay benefits for someone who does not have a paycheck.

City Administrator Hagen explained that this is saying that there is no financial obligation to the City after FMLA is exhausted; however, they feel confident that the employee out on leave will be coming back and this extended leave would help protect their position.

Councilmember Howell asked if the City pays for a portion up front for long term disability or if it is entirely an employee contribution. She also asked if there are any options for the employees to violate accident insurance.

Administrative Services Director Lasher noted that long term disability is paid by the employee. She explained there is a voluntary plan and a non-voluntary plan. She added that if someone draws the benefit of this, the benefit is not taxed as the premium was taxed. She explained that employees can always go through Aflac to get accident insurance.

Councilmember Howell said she would be in support of not covering employees who need to have an extended leave.

Administrative Services Director Lasher reviewed the funeral benefit.

The consensus of the Council was to move forward with the proposed and discussed changes to Sections 5 and 6 of the personnel policy.

3. TOPICS FOR FUTURE DISCUSSION

3.01: Review Future Topics/ Calendar

Noted.

4. MAYOR / COUNCIL / STAFF INPUT

None.

5. ADJOURNMENT

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

Respectfully submitted,

Brian S. Hagen
City Administrator

ATTEST:

Katie M. Schmidt
City Clerk

Drafted by Ava Major
TimeSaver Off Site Secretarial, Inc.