

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

The Ramsey City Council conducted a City Council Work Session on Tuesday, April 9, 2024, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

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

Members Absent: Mayor Mark Kuzma

Also Present: City Administrator Brian Hagen
 Parks and Assistant Public Works Director Mark Riverblood

1. CALL TO ORDER

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

2. TOPICS FOR DISCUSSION

2.01: The Waterfront - Community Building Operations Forecast and Planning Status

Parks and Assistant Public Works Director Riverblood reviewed the Staff report in regard to The Waterfront community building in the COR.

Richard Dobransky, President of Morrissey Hospitality, and Elizabeth Morrissey Brown, Vice President of Business Development and Marketing at Morrissey Hospitality, came forward and reviewed their management services and how they will be operational partners with this project, as well as the project pro forma.

Acting Mayor Riley asked if the City will own the restaurant that is a part of this project but Morrissey Hospitality will be running it for them.

Ms. Morrissey Brown said yes.

Councilmember Woestehoff noted that this does not include the capital expenditures that are required to get the restaurant running, such as the kitchen equipment.

Ms. Morrissey Brown said this was not asked of them to provide at this time.

Councilmember Howell asked how these services worked at other facilities when things were shut down for COVID. She asked what other entities own Morrissey Hospitality as far as a contract goes when operations could not be carried out.

Ms. Morrissey Brown explained that the fee they charge is based on a percentage of revenue so when there was no revenue coming in, there was nothing to be paid out to them.

Acting Mayor Riley asked if they were consulted on the layout of the building.

Greg Houck, Principal with the Architectural firm Cuningham, shared they are still at the beginning stages of the building planning, and they can work hand-in-hand with Morrissey Hospitality to make sure the building is as efficient as possible to operate the way they want it to operate. He added that Morrissey Hospitality has a very good reputation throughout the State for what they do.

Councilmember Woestehoff asked if there is a way that they can integrate amenity fees into the platform for the restaurant to improve the resident experience.

Ms. Morrissey Brown said yes and shared that they welcome these kinds of conversations. She noted that if the City already has a system established that works in other places and is reliable, then they can integrate it into what they use. She highlighted that they tailor their operations to the individual concept and client.

Acting Mayor Riley asked if any market analysis has been done surrounding this project. He noted that the restaurant is very necessary; however, he did not know about the catering aspect or other aspects of this project.

Ms. Morrissey Brown explained that they have not taken an in-depth look into this yet. She said if this project moves on to the next phase then they will begin to do a market analysis of these aspects. She shared that they have 7,000 square feet set aside for catering at this time.

Councilmember Specht noted that there is another private catering and event space in town to keep in mind as far as competition goes.

Acting Mayor Riley suggested allowing someone to rent the catering space from the City rather than the City operating the catering space. He said that if the City operated the space, it would give the perception that they are in competition with the private sector.

Councilmember Specht agreed.

Parks and Assistant Public Works Director Riverblood explained that by entering into a public-private partnership of this nature then they would eliminate the Staff positions that would have to rent and book the banquet area and be involved in the marketing. He noted the same goes for the splash pad and concessions area. He explained they would not be figuring out staffing for this aspect of the project either.

Mr. Houck noted that they also need to consider the adjacent entertainment areas and zones. He added that this will also play into the discussion of competition. He said this project will be a huge entertainment center for the City.

Ms. Morrissey Brown added if any local business was interested in the catering space they could work together with the business. She said they have worked with secondary catering partners in the past. She noted it would come down to the business's capacity and desire for their business.

City Administrator Hagen shared that Staff is looking for Council direction on the next steps for this project. He said they have gone as far as they can on a conceptual design and want to know where they go from here.

Councilmember Woestehoff said the restaurant portion of this project will end up paying for itself, it will just take time. He added that he would like to get something concerning this project on a ballot initiative with real numbers of what the tax impact could be on this project. He said he does not want the ballot initiative to just ask if the residents want this facility, he wants it to give more detail so the residents can give important feedback on if they want to pay for this project to come to be.

Councilmember Howell asked when the approximate project cost of \$20,000,000 was estimated.

Parks and Assistant Public Works Director Riverblood said this estimate is around a year old. He stated that the estimate is likely a little higher with current costs. He reiterated that Staff would like to know what the next steps are so they can get more accurate costs based on design changes.

Mr. Houck said the estimate was from last July. He shared the next step in this process would be to do a schematic design with engineering. He said after this they would be able to get another cost estimate to get more accurate numbers.

Ms. Morrissey Brown added that Morrissey Hospitality would be acting in more of a consulting manner through the design process of the project.

Councilmember Woestehoff asked if they would have time to get cost estimates back to get a question on the ballot.

Mr. Houck explained that it will take two months to get the schematic designs done, then another three to four weeks to gather more accurate numbers from subcontractors.

City Administrator Hagen stated that ballot questions are due in July. He noted that they could estimate a bonding amount on the high end if they cannot get exact numbers by the time the ballot question would be due.

Acting Mayor Riley stated he does not like the idea of putting a question on the ballot about this.

Councilmember Specht noted that some of the pushback Andover received about their community center is that it was never on a ballot for feedback. He said he likes the idea of having a question on the ballot; however, it would need to be very detailed.

Councilmember Musgrove said the work for 2024 was included in the case for the CIP. She asked if the building of this site is not in the CIP until 2027. She said she is not in support of moving this forward at this time. She noted that Economic Development Manager Sullivan has shared that with the Highway 10 project, some of the businesses along Ramsey and Sunwood have said they are going to hold off on their projects as well due to the construction. She added that there are also vacant restaurants in the City. She said she believes this project needs to be a little farther out as there are already amenities being developed. She added that they just bonded for the roads because they thought this was something that they could not put on the taxes. She said fixing the roads was a need and this facility is more of a want. She noted that this project will happen someday; however, she is not ready to support it at this time. She shared her appreciation for all the work that has been done on this project up to this point.

Councilmember Woestehoff shared that this facility will bring more business to the City. He said this would be an attraction that would do good for the City and its existing businesses, while also driving new business to the City. He explained that he does not think they should sit and wait until they have more businesses in the City but rather use this as an effort to bring more businesses in.

Councilmember Musgrove noted that she did not say this facility would not bring new business to Ramsey; however, right now, businesses are having a hard time and there is already an open restaurant space within the City. She said the timing of this seems premature.

Councilmember Howell shared that she loves this project and the idea of having Morrissey Hospitality coming in and running the restaurant. She shared her major concern with this is that it is another \$20,000,000 where they do not have a funding source so it will be more taxpayer revenue. She noted that there are many middle-class people in the City who are struggling to make ends meet as it is. She said if this is something that the Council wants to move forward with then she would like to see a very honest question on the ballot about the cost of this. She stated that based on the current economy and having just bonded for the roads, she does not think they should be saddling the residents with more costs at this time.

Acting Mayor Riley asked if they would like to put a question on the ballot about this.

Councilmember Musgrove said no as she thinks it is premature.

Councilmember Howell said she would not like to see this as a ballot question unless a majority of the Council is in support of moving this project forward. She added if they do ask a ballot question then she would like to see it be detailed so the residents would truly know what they are getting themselves into.

Councilmember Olson asked what the timeline would look like for this project if they do decide to move forward with it.

City Administrator Hagen said if everything moves forward from today than they would be lucky to be breaking ground as early as summer 2025. He added that the facility would not be open until likely spring of 2026.

Mr. Houck noted that at the earliest they could start construction in about eight months with construction taking about 13 months.

City Administrator Hagen added that if the Council would like a ballot question about this, it needs to be asked this year or wait another two years. He noted the benefit of asking the question this fall is that they will have a better turnout as it is a presidential election year. He said he is not sure how much detail they can put into the ballot question as the space is limited; however, they can add detail on the website and social media to get the information to the residents.

Councilmember Olson said because of the current economic situation, he feels it would be difficult to get a favorable response from the residents if they asked a ballot question about this. He noted he would lean slightly in favor of a ballot question.

Acting Mayor Riley asked if the Council would be able to approve the ballot question.

City Administrator Hagen said yes.

Councilmember Musgrove asked how accurate the estimates can be knowing that most business projects have a contingency fee that costs are added onto later.

Mr. Houck said they could be within plus or minus 5% of the estimate. He added there are not a lot of 'wild cards' in the equation and he thinks they can be pretty close to the true project cost in their estimate.

Councilmember Musgrove said she is still not in support of moving forward with this at this time.

Councilmember Specht would like to see them gather more information.

Acting Mayor Riley said he would like to get a more accurate cost estimate then use that number to see what it would cost the average household in the City and put this on the ballot question along with some details on the project.

Councilmember Howell added that she would like them to also include the number of years the bond is estimated to last.

Councilmember Musgrove noted the splash pad and trail are already budgeted for.

Parks and Assistant Public Works Director Riverblood said the splash pad is not a standalone project in the CIP. He noted that park improvements are not allowed to be funded by TIF. He added that they should estimate around \$3,000,000 in the park trust fund for the splash pad area.

Councilmember Woestehoff asked if it would be more informational to share on the ballot question that property taxes could go up a certain percentage rather than a dollar amount.

City Administrator Hagen said they can try to provide both a percentage and a dollar amount.

Councilmember Specht asked if the trail around the lake will be paved.

Parks and Assistant Public Works Director Riverblood said yes.

The consensus of the Council was to direct Staff and the architect to move forward with plans to produce a more accurate cost estimate which they can use on a ballot question.

2.02: Old Town Hall Discussion - 50th Anniversary

City Administrator Hagen reviewed the Staff report concerning the old Town Hall and the 50th Anniversary of the City.

Councilmember Specht shared that when Economic Development Director Sullivan took them on a tour of the building, he was impressed with how well it was put together and how it was close to being able to be utilized as a facility again. He said it would be a great thing to find a way to utilize this historic building, especially during the City's 50th anniversary.

Councilmember Howell noted that this building is a historic building that the City owns and it will sit there and rot if they do not do anything with it. She added that when the EDA looked at this, the revenue it could bring in versus the cost to fix it up would take a long time to break even. She explained that in other cities, they use these old buildings as one room schoolhouses which was a good use. She noted that preserving this building and getting it back into use would be great.

Acting Mayor Riley said that there was not a funding source for this project which is why they have not done anything with the building. He added that the parking for the building is also an issue.

Economic Development Manager Sullivan shared that when they looked at this from the EDA perspective, they were close to pulling the trigger to getting the building ready to go for development; however, the pricing was very expensive, and prices have not come down since they first looked at this. He explained that another option for this would be to potentially move the building; however, there are strong recommendations to not move it as they would have to do a lot of structural work to make the building strong enough to be moved and it would also lose all historical significance. He said a small boutique shop would be a good use for this building. He explained that the original interested party would have weekend and evening hours that would operate outside of bank hours to accommodate parking with the bank next door. He said this location is a cute venue and it would be able to preserve it as Ramsey does not have a lot of historical locations.

Councilmember Woestehoff asked where the funds would come from to get this building up and running.

City Administrator Hagen said this has not been determined yet. He shared the two logical funding sources are the park trust funds, which are restricted on how they can be used, or EDA funding.

Councilmember Woestehoff asked if Councilmember Howell's suggested use for the building was to fix it up but not find a tenant right away.

Councilmember Howell said she is open to whatever use would get this building fixed and utilized. She asked if they used park funds for this project to get the building into use if they would be able to replace these funds with EDA funds at some point.

City Attorney Knaak said he would have to look into it to see if this would be allowed. He noted that private fundraising could be done to fund this project.

Councilmember Olson shared his support for saving this building as he would hate to see the historic site go to waste and be torn down. He added that this year being the City's 50th anniversary is as good a time as any to do fundraising and restore the building.

Councilmember Specht asked if the Ramsey Foundation would have any interest in assisting with this project. He suggested they could look for other private organizations that could partner in this project.

Acting Mayor Riley said they ask the Ramsey Foundation for a lot so he is not sure if they would be interested but it could be worth pursuing. He added that the City has spent money on this building to ensure it is not getting worse and can still be preserved.

Councilmember Musgrove shared her support for trying to renovate the building to try to make it usable again. She added that this building is historic and adds to the character of the area. She noted that the previous administrator was passionate about restoring this historical site. She asked if there were any funding dollars currently available for this.

Economic Development Manager Sullivan said no and explained that there was funding available a while ago; however, the funds ended up being used for a number of different uses. He shared that the door for the building needs to be updated. He asked if the Council would like him to go out and get some quotes for the door at this time.

Councilmember Howell noted that this restoration will cost around 1% of the cost for the previous discussed project of The Waterfront property.

Councilmember Specht said it would be nice if the new door maintained the character of the rest of the building.

Councilmember Woestehoff shared that Youth First is looking for a new home so they may be an interested tenant for this building.

The consensus of the Council was to direct Staff to figure out a way to preserve this building and bring ideas back to the Council on how this can be funded, as well as directing Economic Development Manager Sullivan to get quotes to replace the door.

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 6:27 p.m.

Respectfully submitted,

Brian S. Hagen
City Administrator

ATTEST:

Katie M. Schmidt
City Clerk

Drafted by Ava Major
TimeSaver Off Site Secretarial, Inc.