

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

The Ramsey City Council conducted a City Council Work Session on Tuesday, November 12, 2024, 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
Finance Director Diana Lund
Planning Manager Todd Larson
City Attorney Fritz Knaak
Community Development Director Stephanie Hanson
City Clerk Katie Schmidt
City Engineer/Public Works Director Bruce Westby

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 Fund Balance Policy

Finance Director Lund reviewed the Staff report in regard to the fund balance policy.

Councilmember Musgrove shared that she remembered the Council discussing increasing the fund balance from 50%. She asked if they had decided against this.

Finance Director Lund explained that they had discussed a fund balance up to 55%; however, the State is typically around a 35% to 50% fund balance and recommended staying at 50% because of this.

Councilmember Musgrove asked Finance Director Lund if she was comfortable keeping the fund balance at 50%.

Finance Director Lund said yes as this policy has been in place for years.

The consensus of the Council was to move forward with the fund balance policy as proposed.

2.02: Review 2025 Budget & Levy Before Final Adoption

Finance Director Lund reviewed the Staff report concerning the 2025 budget and levy with the information received from the County.

City Administrator Hagen discussed the rental licenses fees for 2025 and if they would be discounting this fee for anyone who paid for their rental license in 2024 at the higher rate. He shared that an estimated \$100,000 in revenue will be lost if they discount the fees for 2025. He explained that they would have to make up for this in the levy.

Councilmember Musgrove asked if they are looking at doing a refund of these license fees or spreading out the overage as a credit over the next upcoming years of licensing fees.

City Administrator Hagen shared that they discussed both. He noted that if they wanted to issue a refund for the licensing fee, time would be limited to get this done and these fees are adopted by ordinance. He noted the discussion shifted to offering these rental license holders a discount next year to make up for the overage this year. He added that they also discussed spreading out the overage over the next few years.

Councilmember Woestehoff asked if the budget they are reviewing accounts for the \$200 fee.

City Administrator Hagen said yes.

Councilmember Howell noted a refund for 2024 would not make a whole lot of sense. She explained that the high amount that was paid for the license in 2024 does not reflect what the license holders got out of it. She said doing a credit for 2025 makes the most sense to her.

Councilmember Musgrove said it would be cleanest to do a refund.

Councilmember Woestehoff said he is not comfortable with this.

Councilmember Specht asked if they have any ideas as to where they could make up the \$100,000 in missing revenue this credit would cause.

City Administrator Hagen stated the most likely solution is from building permit revenue. He noted they generally bring in more building permit revenue than they budget for.

Councilmember Woestehoff asked if the building permit fees are changing in 2025.

City Administrator Hagen said they are making minor adjustments to the building permit fees.

Councilmember Woestehoff asked if there are other areas where they could slightly increase rates and fees to offset the lack of revenue.

Councilmember Riley noted that if they reduce the fee to \$200 and give a \$200 credit to those who paid the higher fee in 2024 then there will be a lot of communication that will have to go into explaining why the fee is changing. He said they need to make sure they are having good communication with the rental license holders so they understand what is going on.

The consensus of the Council was to move forward with the proposed 2025 budget and levy and crediting \$200 to those who paid for their 2024 rental license to be applied for their 2025 license.

2.03: Review Proposed 2025 Schedule of Rates, Fees, and Charges

City Clerk Schmidt reviewed the Staff report in regard to the proposed 2025 schedule of rates, fees, and charges.

Councilmember Musgrove said she looked at the revised parks guide, and she is very pleased with it.

Councilmember Woestehoff asked if the credit card processing fee is just captured under the business license credit card processing fees line item.

Finance Director Lund explained that the general credit card processing fee is captured as a catch all item and the credit card processing fees for building permits will be captured in the building permit line item. She added that the new software they are using for the building permitting will automatically capture the credit card processing fees.

Councilmember Musgrove thanked Finance Director Lund for bringing the credit card processing fee forward.

The consensus of the Council was to move forward with the proposed schedule of rates, fees, and charges for 2025.

2.04: Review of 2025-2034 Capital Improvement Plan (CIP)

Finance Director Lund reviewed the Staff report concerning the 2025 to 2034 Capital Improvement Plan.

Councilmember Musgrove asked about the fleet vehicle fund. She shared that she had a resident reach out to her asking why the fire trucks are not being funded more proactively. She noted the revenue for the fleet vehicle fund seems to be incidental.

Finance Director Lund explained that the fleet vehicle fund is from proceeds of bringing vehicles to auction. She noted that a lot of the squad cars are traded down through the City or traded in for a new vehicle so nothing would go into the fleet vehicle fund. She shared that they used to have the depreciation for the year of a certain vehicle go against the general tax levy to replenish this fund based on the depreciation. She stated that as the levy continued to increase and levy limits were put in place, they removed this practice as they did not want to put an additional levy for capital equipment.

Councilmember Musgrove suggested looking at a way to create a reserve for vehicles.

Councilmember Woestehoff noted that in 2026, Water Tower 2 is scheduled for refurbishment. He asked if they have the capacity to completely shut this water tower down.

City Engineer/Public Works Director Westby said yes.

Councilmember Riley noted the budget surplus is the one way that they can save and save this money for vehicles

Councilmember Musgrove explained this would be proactive rather than having to issue a bond.

The consensus of the Council was to move forward with the proposed 2025-2034 CIP.

2.05: Rental Housing Inspection Program Discussion

Community Development Director Hanson reviewed the Staff report in regard to the rental housing inspection program.

Councilmember Olson noted that they had a resident come forward to the Council who expressed frustration with this process. He said when they originally approved this, they did not look at what this would feel like from the perspective of renters who would be having their living quarters inspected. He stated that the intent is not for the inspector to be rummaging through the renter's home and belongings; however, this was the perception this renter had. He added that he would like to see the renters get a say in whether or not their home is inspected. He noted that residents are paying for this and he does not like the idea of them paying for something that feels invasive.

Mayor Kuzma asked if it is typically in rental agreements that the landlord has the ability to enter the property to do an inspection.

Councilmember Olson noted that the landlord having the ability to inspect the property is different from the City having the ability to inspect the property.

Councilmember Howell stated she was not happy with what she heard about the inspection in a conversation she had with the resident. She noted that some of what the inspector would be looking at, such as if someone is living out of a garage or space is being rented as a storage unit, should be things that require search warrants. She added that while they are inspecting garages to look for fire hazards, people can also have electric vehicles which are fire hazards, so this does not make sense. She suggested dropping this program as a whole and letting the landlords have the agreement with their tenants as this program seems like the City is stepping into something private that they do not need to be a part of.

Councilmember Woestehoff shared that he invited these concerned residents to his home and they discussed this at length. He said he left this conversation recognizing that it was not the fact that the City was there doing the inspection that this resident did not like, it was around the lack of

communication and the feelings it produced. He noted that when he explained the purpose of the program to the resident as a way for the City to help the renters of Ramsey, this helped the resident understand the purpose of the program which is what he was missing. He said he is not in favor of ending the program. He added that if they make the inspections voluntary, then no one will end up doing it. He stated this program protects both the landlord and the renter and if they remove this then it is another item off of the budget that they will have to make up for somewhere else.

Community Development Director Hanson explained that with the resident who they have been discussing, when the inspector went to his property they told him that if he was not comfortable having them go through his unit, then they would not. She said they put this resident on a list to not have his unit inspected until he moves out later this month.

Councilmember Musgrove stated if this program goes away they still have other means for managing these kinds of issues. She noted this seems to be a redundancy of government. She said there are already measures in place to protect both the landlords and the renters.

Councilmember-Elect Shanna Stewart asked how often they are requiring the City to go in and inspect these properties.

Community Development Director Hanson shared that this is the first year of the rental housing program so this year every unit is being inspected. She said there were a lot of properties that had no issues and do not need to be re-inspected; however, there were some locations that will require re-inspections to come up to compliance and they will continue to have re-inspections until the inspections come back clean. She added that inspections will be done every two years for units that do not have any concerns.

Councilmember Howell stated that in her conversation with this resident, he was still very frustrated with the program and did not think it was appropriate. She said that in talking to residents who own rental properties, they found anything more frequent than every two years to be invasive. She stated she is still not sold on the invasiveness of the program as a whole.

Councilmember Specht asked what the program would look like if they did not conduct these inspections.

Mayor Kuzma said it seems like this would just remove the program as a whole.

Councilmember Riley stated he has been very supportive of this program as the City has a lot of apartments and rental units. He noted that as these rentals continue to grow, he is concerned with these properties staying nice. He said when these apartment buildings are brand new they are nice and he wants them to stay that way. He added that these inspections are part of keeping these buildings nice. He noted they seem to be focusing on the few residents who have complained about this rather than considering the successes this program has had. He said he would not like the renters to be able to opt out of these inspections, but they should be as least invasive as possible.

Councilmember Olson asked if they have any data on the number of units that have issues.

Community Development Director Hanson said she can get this information for the Council to review.

Councilmember Olson noted if there are very few issues being found in these inspections then they may be trying to solve a problem that does not exist.

Community Development Director Hanson shared that the reason Staff had originally presented the idea for this was because Code Enforcement Officer Swalchick was getting a lot of calls from tenants of rental properties where the property owners were not coming in to make repairs. She noted if they do not have this program then Staff does not have the ability to go in and address the issues when a tenant calls in with these kinds of concerns. She added that some of the tenants did not feel safe going to talk to the landlord about some of these issues.

Councilmember Musgrove asked if a tenant were to call in with a concern like a broken window if the City would have no authority to make the landlord fix the window if this program is not in place.

Community Development Director Hanson said they would be able to do external inspections so they would be able to address something like a broken window, but they would not be able to address anything inside of the home.

Councilmember Musgrove shared that she had concerns with this program when it was first presented. She noted this program impacts a small number of people. She asked if anyone had looked at the pre-inspection checklist. She said this list could be reduced to only address fire hazards. She stated this program seems to be too broad and they already have things in place where these items can be addressed.

Councilmember Howell said she is not opposed to having the inspections look for fire hazards and other life safety issues.

Councilmember Specht stated he is torn on this matter as he does not want the program to be too intrusive; however, he thinks they should still have the program in some capacity.

Councilmember Olson said he would be in support of having all properties that are being put up for rent be inspected and have to pass before they are able to rent it out. He stated it makes sense for the property to pass an inspection before a new tenant moves in.

Councilmember Woestehoff asked if the City is made aware when a property first gets rented out or when tenants change.

Community Development Director Hanson said no.

Councilmember Woestehoff said they would have to trust the building owners to let the City know when tenants are changing to have an inspection done at that time.

City Administrator Hagen asked how much of the inspection checklist is coming from the property maintenance code.

Community Development Director Hanson noted that there are a few items that could be removed from this checklist. She said this is not a list the City came up with, but a list that a lot of other cities use that have a similar inspection program.

Councilmember Musgrove said she is in support of getting rid of the program as there are already checks and balances within the City code and lease agreements to address issues.

Councilmember Riley suggested keeping the program while figuring out how to make it as least invasive as possible. He added that inspecting the properties in between tenants is a great idea; however, it is not practical as the City is not notified of tenant changes.

Councilmember Olson stated he would support slimming down the program with less frequent inspections. He said he would still like to have an option for tenants to opt out of inspections. He added that more communication needs to be had in general around this program sharing that it is intended to be a benefit to both the tenants and the landlords.

Councilmember Riley suggested allowing people to opt out of inspections in personal spaces such as bedrooms and closets, but not opting out of the inspection as a whole.

Councilmember Woestehoff shared that they have been able to make exceptions and accommodations for those renters who did not want their units inspected at this time as they would be moving out shortly. He said he would like the checklist shortened and suggested giving the renters a copy of the checklist prior to the inspection so they are aware of what will take place. He stated he does not think these issues are worth scrapping the entire program at this time as there is still value being provided to both the landlords and the renters.

Councilmember Howell said she liked the idea of staying out of personal spaces as this would not be too invasive but still allow the inspection to take place to look at bigger areas of concern.

Councilmember Musgrove explained that the landlords are the ones who are renting out their properties and they should be the ones doing the inspection. She shared that in the times she has been a renter she has never had a city come into her unit and perform an inspection. She said this program makes the City the middleman between the renter and the landlord.

City Administrator Hagen asked if they would be able to provide an option for renters to opt out of these inspections.

City Attorney Knaak said they would be able to waive this enforcement in a particular case if the circumstance permits. He noted that with a regulatory function such as this, what goes for one person has to go for all.

Community Development Director Hanson shared that part of the health and safety checks require checking all smoke detectors, which are in bedrooms so they would still need to enter bedrooms to perform this check but that would be the only thing they would be looking at in a bedroom.

City Administrator Hagen shared that the introduction of this ordinance is on tonight's agenda at the Council meeting. He suggested pushing this item to the next meeting so they can refine the ordinance amendment based on the conversations that took place during this item.

Councilmember Specht asked if the State has a form that is given out to all renters that explains to them their rights as a renter and lets them know who to contact if they have any issues.

Community Development Director Hanson said she does not think that is being given out to renters. She added that there were some landlords who did not even have real leases with their tenants.

Planning Manager Larson explained that the Attorney General's Office has been putting together a book of the landlord's responsibilities and the renter's responsibilities and a link to this can be found on the rental website. He added that they have currently been scheduling these inspections with the landlords and suggested sending a letter to the renters letting them know of a scheduled inspection and directing them to contact the City if they will be moving out of the unit within a certain time period so they can conduct the inspection after they have moved out.

The consensus of the Council was to keep the rental housing program while slimming down the inspections to be less invasive and primarily focus on major safety and fire concerns.

3. TOPICS FOR FUTURE DISCUSSION

3.01: Review Future Topics/Calendar

Noted.

4. MAYOR / COUNCIL / STAFF INPUT

Councilmember Musgrove shared that the joint powers agreement for the Lower Rum River was updated, and City Attorney Knaak is reviewing the concerns and will be sent back to the Board this month.

5. ADJOURNMENT

The Work Session of the City Council was adjourned at 6:34 p.m.

Respectfully submitted,

Brian S. Hagen

City Administrator

ATTEST:

Katie M. Schmidt
City Clerk

Drafted by Ava Major
TimeSaver Off Site Secretarial, Inc.