City of North Saint Paul
July 30, 2019
Adopted Special City Council Meeting Minutes

I. CALL TO ORDER

Mayor Furlong called the meeting to order at 6:30 p.m.

II. THE PLEDGE OF ALLEGIANCE

All present recited the Pledge of Allegiance.

III. ROLL CALL

Present: Council Member Thorsen
Council Member Petersen
Council Member Walczak
Council Member Sonnek
Mayor Furlong

Staff: City Manager Scott Duddeck, Finance Director Jason Zimmerman, City Attorney Soren Mattick, Deputy Clerk Mary Mills.

Mayor Furlong requested a moment of silence in memory of Crist Langelette. He added his thoughts and prayers go out to the family.

IV. ADOPT AGENDA

On motion by Council Member Petersen, seconded by Council Member Sonnek, with all present voting aye (5-0), motion carried to approve the agenda as submitted.

V. PUBLIC HEARINGS

A. Tax Increment Financing (Redevelopment) District No. 4-8 for the North St. Paul Apartments Projects

Mayor Furlong opened public hearing at 6:32 p.m.

There were no comments.

Mayor Furlong closed the public hearing at 6:32 p.m.

B. Tax Increment Financing (Housing) District No. 4-10 for the Trident Housing Project

Mayor Furlong opened public hearing at 6:33 p.m.

There were no comments.

Mayor Furlong closed the public hearing at 6:33 p.m.

C. Tax Increment Financing (Soils) District No. 4-11 for the Anchor Block North Commercial Development

Mayor Furlong opened public hearing at 6:33 p.m.

There were no comments.

Mayor Furlong closed the public hearing at 6:34 p.m.

City Manager Scott Duddeck introduced Mikayla Hewitt, Baker Tilly, and invited her to address the City Council.

Ms. Hewitt reviewed the three Tax Increment Financing (TIF) Districts for which public hearings were held at tonight's meeting. Ms. Hewitt stated TIF is a tool used by cities to capture tax base growth for new development, to finance public improvements and cover costs related to the TIF district. Individual TIF districts are created within the project area and Statutory requirements apply to each TIF district, including the "but for" test which determines whether the project would be feasible without this type of funding.

Ms. Hewitt stated TIF District #4-8 would support redevelopment of 9 properties, including the old City Hall site. She added this would be a new mixed-use project with 87 market rate apartments as well as commercial space to be completed by December 2020.

Ms. Hewitt stated TIF District #4-10 would support redevelopment of a new housing district a 4.3-acre portion of the old Anchor Block North site. She added this would be a development with 140 housing units, underground parking and a commercial component, to be completed by December 2020.

Ms. Hewitt stated TIF District #4-11 would support construction of new commercial facilities on the east side of the old Anchor Block North site. She added the development includes a 125,000-square foot storage facility and convenience store, to be completed by December 2020.

Ms. Hewitt stated adoption of the three TIF Districts will provide the City with the authority to use funds to develop the three sites. She added approval does not obligate the City to provide financial assistance. She noted individual TIF agreements will be presented to the City Council for approval at the August 20, 2019 Regular Meeting.

Motion by Council Member Walczak, seconded by Council Member Thorsen, to approve Resolution No. 2019-096 approving Tax Increment Financing (Redevelopment) District No. 4-8 for the North St. Paul Apartments Projects.

Discussion during the motion: Council Member Sonnek stressed the importance of understanding the implications of creating TIF Districts. He added he is thrilled with the prospect of new development in North St. Paul. He thanked Ms. Hewitt for her expertise and explanations which have been helpful for the City Council.

Council Member Sonnek stated there will be an increase to the cost of City services because of new services will be required by these new developments, which will be subsidized by all

residents of North St. Paul for the next 21-26 years. He added there may be an increase in the General Fund as a result of these developments, and increases will be borne by the City's residents.

He added Ms. Hewitt reviewed the "but for" test. He added the proposed developments would occur elsewhere if funding is not available in North St. Paul. He noted TIF funding is necessary for these development projects.

Mayor Furlong stated he understands Council Member Sonnek's concerns. He added TIF financing is one of the tools that can be used to bring business and development to North St. Paul.

Vote on the motion: with Mayor Furlong and Council Members Petersen, Thorsen and Walczak voting aye, and Council Member Sonnek voting nay (4-1), motion carried to adopt Resolution No. 2019-096 establishing Tax Increment Financing (Redevelopment) District No. 4-8 within development District No. 4 and approving the Tax Increment Financing Plan therefore for the North St. Paul Apartments Projects.

On motion by Council Member Walczak, seconded by Council Member Petersen, with Mayor Furlong and Council Members Petersen, Thorsen and Walczak voting aye, and Council Member Sonnek voting nay (4-1), motion carried to adopt Resolution No. 2019-097 establishing Tax Increment Financing (Housing) District No. 4-10 within development District No. 4 and approving the Tax Increment Financing Plan therefore for the Trident Housing Project.

On motion by Council Member Walczak, seconded by Council Member Thorsen, with Mayor Furlong and Council Members Petersen, Thorsen and Walczak voting aye, and Council Member Sonnek voting nay (4-1), motion carried to adopt Resolution No. 2019-098 establishing Tax Increment Financing (Soils Condition) District No. 4-11 within development District No. 4 and approving the Tax Increment Financing Plan therefore for Anchor Block North Commercial Development.

VI. CITY BUSINESS ACTION ITEMS & RECOMMENDATIONS

A. 2872 2nd Street Planned Unit Development

City Planner Erin Perdu reviewed request for a Planned Unit Development (PUD) for a 1-stall addition to the existing attached garage at 2872 2nd Street N., including improvements to exterior materials and a new driveway surface. She added this application was originally presented as a variance, which was denied by the City Council. She noted the PUD would give the applicant flexibility with regard to development standards.

Ms. Perdu stated, as part of the PUD agreement, the applicant would maintain a raingarden on the corner of the property nearest to the intersection.

Ms. Perdu stated the Planning Commission discussed this application at their July 11, 2019 meeting, at which denial was unanimously recommended. She added the Planning Commission was concerned that approval would set a precedent for other owners who were looking for an

alternative to the variance process. She noted City Staff recommends conditional approval of the PUD application.

Ms. Perdu stated the Planning Commission could be directed to review the Ordinance related to setback requirements.

Motion by Council Member Walczak, seconded by Council Member Thorsen, to approve Resolution No. 2019-099 approving a Planned Unit Development (PUD) for a garage expansion at 2872 2nd Street.

Discussion during the motion: Council Member Sonnek stated he would support having the Planning Commission review setback requirements before approving this application, to provide more clarification. He added the City Council originally denied this request due to concern about setting a precedent, and that criteria were not met for a variance. He noted the Planning Commission felt that supporting this as a PUD does not meet the spirit of the Ordinance and sets a precedent for future requests, and maintenance of the raingarden is a problematic requirement for future homeowners.

Council Member Walczak stated she would support further review by the Planning Commission, but the applicant has had to wait a long time for this application to be resolved, and that would take additional time.

Council Member Sonnek stated the discussion regarding setback requirements should not be determined by the amount of time it has taken to accommodate the applicant's request. He added setbacks might not change after additional review by the Planning Commission. He noted the discussion relates to the principles of law that have been set up for the City of North St. Paul, and the applicant's request could be completed without a variance.

Council Member Thorsen stated he appreciates Council Member Sonnek's comments and the consideration of the Planning Commission. He added there should be some flexibility, and the variance process provides the ability to interpret the Code with flexibility. He noted the only option is to change the Code when a deviation is requested and that would not be the appropriate direction.

Council Member Thorsen stated the he believes the applicant's request is reasonable, and City Staff has evaluated the PUD request and recommends approval. He added these types of projects should be encouraged in the community.

Mayor Furlong stated he agrees with the comments of Council Member Sonnek. He added this will set a precedent for determining the appropriate variance process.

Vote on the motion: Council Members Petersen, Thorsen, and Walczak voting aye, Mayor Furlong and Council Member Sonnek voting nay (3-2), motion carried to adopt Resolution No. 2019-099 approving a Planned Unit Development (PUD) for a garage expansion at 2872 2nd Street.

B. North St. Paul Apartments – Site Plan

Ms. Perdu reviewed a proposed mixed-use development at on an approximately 2-acre site at the intersection of Margaret Street and 7th. Avenue N. The property is largely zoned MU1 - Downtown Mixed Use, with a small portion that is zoned R3 - Multi-family Residential. Existing buildings on the site, including the dentist's office, the "blue" barber shop building and a few single-family homes, will be removed.

Ms. Perdu stated the proposed mixed-use building would have 88 apartments and 139 parking spaces, with an outdoor seating area for potential commercial use at the corner of Margaret Street and 7th Avenue N. As a condition of approval, all parcels would need to be combined and rezoned to MU1, and public right of way vacated, including a portion of the public alley. Parking requirements must be met, as well as landscaping, trees and open space requirements.

Ms. Perdu stated the Design Review Commission reviewed this project and was complimentary of the design. She added they asked for more detail on proposed building materials, which was provided by applicant and are available for the City Council's review. She noted City Engineers have reviewed the utility and stormwater plans and have found them acceptable, although some additional information will be required before permits are issued.

Ms. Perdu stated City Staff recommends conditional approval of the site plan, with conditions related to vacating right of way and rezoning parcels, as well as additional conditions listed in the Staff Report.

Council Member Petersen stated she supports the request, and the building is amazing, and it will be a great asset to the City of North St. Paul.

Council Member Walczak asked whether there will be sufficient parking for a commercial use. Ms. Perdu stated there is sufficient public parking available at this location.

Council Member Sonnek stated completion of the alley was discussed at the Planning Commission meeting. He asked whether that will be a part of the project. Mr. Duddeck confirmed this.

Mayor Furlong asked where garbage collection will take place. Ms. Perdu stated it is her understanding that garbage collection will take place in the parking garage, and no dumpsters will be located outside.

On motion by Council Member Thorsen, seconded by Council Member Sonnek, with all present voting aye (5-0), motion carried to approve Resolution No. 2019-100 approving a site plan for North St. Paul Apartments, a mixed-use development at the southwest corner of Margaret Street and 7th Avenue N.

Jim Winkels, Amcon Construction, stated he is the developer and a partner in this development, and it will be a great project. He added the name of the project is still evolving, and welcoming suggestions for names. He confirmed that garbage is enclosed in the parking garage and will not be visible on the street. He noted discussions are under way with a few different commercial uses for the commercial space on the corner.

Mr. Winkels stated a deck and outdoor kitchen area is planned on the south side of the property on the top of the 2nd level. He added the property has an approximately 7-foot drop in grade

from east to west, and stormwater storage vaults are planned under the property to connect to the stormwater system in Margaret Street. He added that existing system is very old, constructed in the late 1920's.

Mr. Winkels introduced Bruce Hillyer, Architect, and Shari Arends, Civil Engineer.

Ms. Arends reviewed the stormwater vaults which will hold a 100-year storm capacity and will reduce runoff to nearby streets. She added she will be reviewing the plans with the Watershed District.

Mr. Hillyer stated the rooftop terrace is planned facing south on top of the 2nd level. He added there will be an outdoor kitchen area and removable seating. Mr. Hillyer stated City Staff has a board with samples of building materials.

Council Member Thorsen asked whether similar stormwater mitigation efforts could be considered as part of other developments in this area. Mr. Duddeck stated stormwater mitigation will be required under new guidelines as development occurs.

Mayor Furlong thanked the development team. He added he looks forward to working with the developer on this exciting project.

C. Discussion on setting new trash collection rate fees

Mr. Duddeck reviewed the proposed trash collection contract with Tennis Sanitation. He added rates are proposed to go into effect September 1, 2019, to coincide with the transfer of contract, and new collection starts September 4, 2019. He added Citywide collection days will stay the same. He noted bulk collection was a big part of the discussion.

Mr. Duddeck stated Ramsey County Recycling Board met last week and approved a 19% increase on tipping fees.

Mr. Duddeck stated the City has been transferring $57,000 in bond payments toward the Public Works program, $67,000 to the General Fund, and $77,000 for personnel costs within the General Fund. He added $194,000 has been transferred out of the Solid Waste Fund annually, and under the new rates, would generate approximately $104,000 in revenue. He noted the Solid Waste fund balance will be $537,000 after the purchase of new carts and a $100,000 grant from Ramsey County.

Mr. Duddeck stated City Staff has been looking at sponsoring a City-wide spring clean-up on May 16, 2020, and the Solid Waste Fund could be used to offset related costs. He added the new rates are extremely competitive and reflect the overall goal of providing the highest level of service at the lowest possible cost. He noted City Staff will continue to monitor the fund and adjust rates accordingly.

Mr. Duddeck stated the proposed contract with Tennis Sanitation will be set through December 31, 2021. He added it is hoped that weekly recycling will help reduce tipping fees. He noted the current rates reflect cost allocation for garbage service including the tipping fee and an escrow account to be set aside in the Solid Waste Fund.

Council Member Walczak asked whether there is a list of recyclable items that can be provided to residents. Mr. Duddeck stated City Staff is working on a list of recyclable items.

Mr. Duddeck stated a recent resident survey was conducted to determine whether the unlimited bulk program should be eliminated. He added, of the 486 residents who responded, 263 expressed an interest in continuing the unlimited program, and 200 residents indicated they would prefer to eliminate the program and pay per piece.

Council Member Thorsen stated he would like to see the Solid Waste Fund act as more of an escrow fund, as the City is able to anticipate what waste amounts will be. He added there should be an overall reduction in the amount of trash with weekly recycling pick-up.

Council Member Thorsen stated he supports not including the bond payment, which will allow the City to reduce fees even more. He added the remaining balance of $536,000 is sufficient to cover 5 years at $57,000 per year. He noted this can be reviewed by the City Council for potential changes if the balance is deemed insufficient. He noted the City Council should discuss this further.

Mr. Duddeck stated the $57,000 bond payment over 5 years would bring the fund down to approximately $250,000. He added it will become necessary to set aside funds for new additional carts at some point in the next 15-20 years. He noted he is supportive of the proposed fees and believes the new contract will enable the City to keep rates as low as possible.

Mr. Duddeck stated it will be possible to track some history and provide data for the September-December 2019 period, and consider adjustments at that time.

Council Member Sonnek asked whether the 95-gallon container is the most commonly used size. Mr. Duddeck stated there are approximately the same number of 65-gallon and 95-gallon containers. He reviewed the size breakdown by customer: 394 customers have a 35-gallon container; 1,520 customers have a 65-gallon container; 1,556 customers have a 95-gallon container, and 33 customers have a 160-gallon container.

Council Member Sonnek requested clarification regarding the proposed contract rate reduction amount, which appears to be less than expected. Mr. Duddeck stated the 19% increase in tipping fees is factored into the rate. He added it is expected that the rates will be maintained for 2 years.

Council Member Thorsen expressed his agreement with Council Member Sonnek. He added he is concerned about the significant increase in tipping fees and inclusion of the escrow amount. He noted the Solid Waste Fund has a significant balance.

Council Member Sonnek stated it seems reasonable to remove the fee, as the City is in a comfortable position with that account. He added, however, he understands Mr. Duddeck's concerns.

Finance Director Jason Zimmerman confirmed the debt service to which the Solid Waste Fund is obligated relates is for 2020-2025, which is actually 6 years.

Council Member Sonnek stated the letter that will go out to residents regarding the new rates could include a comment regarding the 19% increase in fees that the City will be absorbing.

Mr. Duddeck stated the tipping fee is not controlled by the City. He added the Ramsey County tipping fee is 28% for residential customers and 54% for commercial customers, and in Washington County customers pay 35% across the board.

Mayor Furlong stated he supports the proposed contract, as it will result in better services at a lower cost to residents, and weekly recycling.

Council Member Thorsen stated he would support breaking the fees down on the City fee schedule. He added the fee schedule will be approved in January 2020, so the City Council can review the period from September 2019 – January 2020.

Council Member Walczak stated it is important for residents to see the costs broken down on their bill, related to the size of the container they use.

Mr. Duddeck stated a breakdown of costs will be on the City's fee schedule and on the City website. He added he is unable to confirm that it will be included on each individual bill.

Council Member Thorsen stated the new program will be an improvement and this is a step in the right direction. He added he feels the rates could be lower, but he will support the contract and a review of the first three month's results in December 2019.

On motion by Council Member Walczak, seconded by Council Member Sonnek, with all present voting aye (5-0), motion carried to approve Fee Schedule for trash collection rates for 2019, and to instruct City Staff to bring back a possible adjustment to the fee schedule for 2020.

Council Member Sonnek requested that the letter to residents should be changed, and the line "cost savings to all residents" should be removed. Mr. Duddeck agreed.

VII. ADJOURNMENT

There being no further business, on motion by Council Member Petersen, Seconded by Council Member Thorsen, with all present voting aye (5-0), Mayor Furlong adjourned the meeting at 8:36 p.m.

/s/ Terrence J. Furlong, Mayor

Attest: /s/ Scott A. Duddeck, City Manager