

**WORKSHOP MEETING  
OF THE COUNCIL OF THE  
CITY OF VADNAIS HEIGHTS  
SEPTEMBER 7, 2016**

The workshop meeting of the Council of the City of Vadnais Heights was held on the above date and called to order by Mayor Johannsen at 5:33 p.m.

The following members were present: Mayor Marc Johannsen, Councilmembers: Jerry Auge, Terry Nyblom, Craig Johnson, and Bob Fletcher.

The following members were absent: None.

Also present were: Administrator Kevin Watson, Assistant Administrator Kathy Keefe, City Engineer Mark Graham, Finance Director Bob Sundberg, Fire Chief Ed Leier, Attorney Caroline Bell Beckman, and Deputy Clerk Beckie Gumatz.

**1. Garceau/Vadnais Market Site Proposals**

- Watson stated the city has received conceptual offers from Dominion and Black Hawk Investment Group for affordable, independent, senior housing projects on the site.
- These developer groups will apply for Federal Tax Credits through the state of MN. The next application period ends in December of 2016.
- Watson noted that moving forward for this grant cycle would be a very quick turnaround.
- Watson expressed concerns with the tight timeline given there have been no formal proposals submitted for a project.
- There is not City Council consensus that senior housing is the right option for the site.
- Watson recommends putting the project on hold for one application period to give City Council more time to decide what type of project would be best, as well as more time to talk with neighboring residents about a project.
- It was mentioned that a commercial operation is probably not viable on this site due to low traffic counts.
- Jason Aarsvold, consultant from Ehlers, noted that having two conceptual offers shows that there is interest in redeveloping the site.
- Mr. Aarsvold stated that restaurant retail development is not likely to be viable on the site in the current market.
- It was noted that the grants the city has received are for clean-up costs. It is likely they would be used to reimburse a developer for clean-up work that they do.
- Johnson asked about the 25% match from the city. Watson stated that is for the DEED grant amount only. Half of the 25% can come from other grant dollars the city has received, half has to come from other city dollars or could come from the developer.
- Fletcher asked for an overview of all the different housing options; options that use tax credits and those that don't. Mr. Aarsvold outlined the various options. Dominion is proposing using 4% tax credits available through the state.
- Fletcher asked who is eligible for those credits. Mr. Aarsvold replied that for housing, need to construct building that has income and rent limitations. 20% of the units would need to be available to those making 50% of county median income, or 40% of the units available to those at 60% of the county median income. Dominion would most likely have all units somewhat restricted. The tax credits only available for units that are income restricted.
- Fletcher asked if market rate housing with no income restrictions would be a viable option.
- Mr. Aarsvold stated that if they build with no income restrictions, they won't be eligible for tax

exempt bond financing or the tax credits.

- The roundtable group felt that this location would not be as marketable to younger people. The biggest challenge for market rate housing in the majority of suburbs is that developers need rents to be \$2.00/sq. ft. to be viable. Developers feel they could only charge \$1.65-\$1.70/sq. ft.
- Fletcher asked if there is a way to ensure that the housing be limited to seniors. Mr. Aarsvold responded that there could be contract language to require it for a certain period of time; usually 30 years.
- Fletcher asked how many stories the building might be. He wants the building to be consistent with the character of the neighborhood. Mr. Aarsvold felt it would probably be a four story building, maybe five.
- It was noted that these housing models have been built in neighborhoods in Crystal and Coon Rapids.
- Johnson asked for an analysis on how the different proposals would affect the city's tax base.
- Johannsen would like to see maximum return to the city.
- Johnson asked about the timelines on the grants the city has received. Watson stated the money has to be used by 2019.
- Johannsen would like to figure out what is possible. Have to be mindful of what the market is driving.
- Discussion of creating a new TIF district for the site.
- Direction from City Council to try and generate interest in the property.
- City Council consensus that the project should be multi-unit housing.
- Nyblom asked that when getting demolition bids that the city get bids for all buildings on the site as well as bids for all buildings except for the hardware store building.
- Mr. Aarsvold advised making the findings required to create a TIF district prior to tearing down any buildings. Otherwise the site may not qualify as a redevelopment TIF district.
- Watson and Mr. Aarsvold will work to generate interest in the site.
- Fletcher left the workshop meeting.

## **2. Median Improvements in Front of City Hall**

- Graham received bids from two contractors.
- Low bid was for \$12,325 to do mostly concrete and leave some room for planting.
- Graham noted he is looking for direction from City Council on how to pay for improvements.
- Johnson asked if this would help to make area a quiet zone for trains. Graham answered that it would have no impact on that decision.
- Johannsen stated money could come from the contingency fund.
- Direction from City Council to add this item to the agenda for the regular meeting under New Business tonight.

## **3. Gambling Results for Fiscal Year 2015/2016**

- Nyblom expressed concerns about White Bear Lake Area Hockey Association not complying with requirement of spending at least 50% of revenue in Vadnais Heights.
- Watson noted these groups are only required to report where they spend funds with their annual audit, which is usually submitted in September. He would like to see annual audit reports.
- Discussion of inconsistent reporting by these organizations.
- Nyblom noted that when these organizations have their annual audit done, they need to have it certified to state that they have complied with city code requirements.
- Auge would like to see reports for months when organizations make no donations.
- Nyblom asked what will happen if any audits come back and show non-compliance. Watson stated the item will be brought to council for action.

**4. Continued 2017 Budget Discussion**

- Mayor noted at tonight's regular meeting, Council will set the max levy. The budget can still be refined after.
- There was discussion about the 10% health insurance increase for 2017.
- It was also noted that the Met Council is increasing their sewer fee 5.5%.

**5. Other Staff Items**

- Nyblom asked if Graham has heard from residents after removing culvert. Graham stated he has not.

**Adjourned at 6:49 p.m.**

Prepared for and approved by:

Attest:

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Kevin Watson, City Administrator

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Marc Johannsen, Mayor