

**WORKSHOP MEETING
OF THE COUNCIL OF THE
CITY OF VADNAIS HEIGHTS
FEBRUARY 18, 2020**

The workshop meeting of the Council of the City of Vadnais Heights was held on the above date and called to order by Mayor Gunderson at 5:37 p.m.

The following members were present: Mayor Heidi Gunderson, Council Members: Greg Urban, Craig Johnson and Bob Morse. The following member was absent: Council Member Patricia Youker.

Also present were: City Administrator Kevin Watson, Assistant City Administrator Tim Sandvik, Planning/Community Development Director Nolan Wall, Public Works Director Jesse Farrell, Fire Chief Ed Leier, City Attorney Erich Hartman, and Deputy City Clerk Peggy Aho.

Others present were: Rick Howden and Kari Collins, Ramsey County Community and Economic Development Department, Ramsey County Commissioner Fretham, Collette Jurek, Xcel, and Debra Neutkens, Press Publications.

1. Ramsey County Economic Development Presentation

Planning/Community Development Director Wall introduced Rick Howden and Kari Collins from the Ramsey County Community and Economic Development Department. Rick Howden, EDA Specialist, and Kari Collins, CED Director, gave a presentation on the County's Community and Economic Development Department and programs available. Howden discussed the Department's Open to Business Program, CEO Next Business Institute formerly known as economic gardening for second stage businesses program, Property Assessed Clean Energy Financing (PACE) and the environmental response fund. He said they have a new initiative called Corridor Revitalization Pilot Program. Collins explained the Community and Economic Development Plan and reviewed the County's vision plan which includes key components such as economic assessment, housing analysis, fiscal health analysis, community engagement and implementation of the plan.

Council Member Johnson asked about the energy program and asked if there is any possibility the City may be able to get a grant to install solar panels on a new project in the City. Council Member Morse asked about the ceiling amount on the environmental response fund. Howden replied that they typically get about \$1.5 to \$2 million a year to fund projects. The funds are to be used for economic development, primarily brown fields.

2. Franchise Fee Discussion

City Administrator Watson noted that this discussion follows up on 2020 budget discussions the Council had in 2019. The Council began talking about the need for 2020 street projects and beyond and the effort needed to enhance increased street funding. Watson noted that he reached out to Collette Jurek, Xcel, and the City's government liaison. Watson noted that the City currently collects around \$300,000 in franchise fees per year which equates to about \$2 per resident per month. He said that he asked Jurek to

put together a proposal to double the amount of franchise fees to \$600,000. Jurek said that while the fees are collected on gross revenue, they apply a flat fee.

Mayor Gunderson said that the positive part of using a franchise fee is that it is predictable source of revenue for the City. Gunderson said that she believes it's a positive tax. Council Member Urban said that he would like to see the fees go up percentage wise across the board and asked why the rates for businesses increased at a larger percentage than residential. Jurek noted that when the Council set the franchise fees it put most of the burden on residents, and that the new calculation evens it out because if they didn't increase commercial more the residential rate would be too high, according to Xcel's guidelines for fees. Council Member Johnson said he likes that the City would get up to \$600,000 a year to go towards street improvements. Council Member Morse said he would like this increase to sunset when the City catches up on financing street improvements. Watson and others noted that the City may never catch up on Street Improvements because it will always be needed and the cost of improvements will continue to rise. Johnson said that once the Council approves the fee change, it will start collecting it about 90 days from approval.

Watson asked Jurek to prepare a few more funding scenarios proposals to see what the Council is more comfortable with.

3. Discussion of 2021 Street Improvements

Public Works Director Farrell reviewed the proposed streets for improvement in 2021. He said he has heard from residents in the area of Suzanne Avenue the most. Watson noted that the City may not have enough funds to complete the entire project in 2021. Farrell said he is hoping that if the City gets the increased Franchise Fee it may have about \$1.2 million to work with and the City could pay for utility costs out of utility funds. He reviewed other streets with low rankings that might be candidates in our five-year plan. Farrell asked the Council if they agree with moving forward with inclusion of the Suzanne neighborhood for 2021 improvement. Council Member Morse and Mayor Gunderson replied yes.

4. Discussion of Truck Purchase

City Administrator Watson said that the truck purchase needs to be brought before the Council for approval on its Consent Agenda. Council Members said that they reviewed the item before them and they are fine with having it put on the next Council agenda for approval.

The meeting adjourned at 7:00 p.m.

Respectfully submitted,

Kevin Watson, City Administrator