



**City of Newport
City Council Minutes
March 1, 2012**

1. CALL TO ORDER

Mayor Tim Geraghty called the meeting to order at 5:30 P.M.

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL -

Council Present – Tim Geraghty, Tom Ingemann, Bill Sumner

Council Absent – Tracy Rahm, Steven Gallagher

Staff Present – Brian Anderson, City Administrator; Bruce Hanson, Supt. of Public Works; Curt Montgomery, Police Chief; Mark Mailand, Fire Chief; Renee Helm, Executive Analyst; Fritz Knaak, City Attorney; Jim Stremel, City Engineer

Staff Absent – John Stewart, City Engineer

4. ADOPT AGENDA

Motion by Sumner, seconded by Ingemann, to adopt the Agenda as presented. With 3 Ayes, 0 Nays, 2 Absent, the motion carried.

5. ADOPT CONSENT AGENDA

Motion by Ingemann, seconded by Sumner, to approve the Consent Agenda as presented, which includes the following items:

- A. Minutes of the February 16, 2012 Regular City Council Meeting
- B. List of Bills in the Amount of \$210,918.24

With 3 Ayes, 0 Nays, 2 Absent, the motion carried.

6. VISITORS PRESENTATIONS/PETITIONS/CORRESPONDENCE

7. MAYOR'S REPORT

Mayor Geraghty – I was fortunate to read to a couple classes at Newport Elementary to promote reading month. It was very fun and I think the kids enjoyed it.

8. COUNCIL REPORTS

Councilman Sumner – Nothing to report

Councilman Ingemann – I attended a class hosted by the Department of Homeland Security that I thought was useful. I passed out some information to a couple businesses.

9. ADMINISTRATOR'S REPORT

A. Katie Sieben, State Senator

State Senator Katie Sieben was present to provide the City Council with an update on several items. The State forecast was announced on February 29 showing that there is a surplus of \$323 million. The State will be using this surplus to pay back the public schools. There is a formal request from the Metropolitan Council for the Red Rock Gateway Corridor. Senator Sieben has been working on the legislation that would require an id for voting. Senator Sieben also introduced a bill relating to the motel issue, there was a hearing on the bill and a couple concerns were raised at the hearing. Senator Sieben is continuing to work on the bill.

Mayor Geraghty – In regards to the forecast, are there any expected changes to Local Government Aid?

Senator Sieben – I don't believe so. The surplus doesn't include inflation.

B. South Washington Watershed District Update

Matt Moore, Administrator of the South Washington Watershed District, was present to provide updates on several activities in 2012 and 2013. The District will begin implementing several of the projects that are outlined in the Watershed Plan in 2012 and 2013. The District received \$239,000 in Clean Water Grants in 2011. In regards to Newport, the District is working with the City on the transit station and the North Ravine Project.

Mayor Geraghty – I would like to thank you for the work that you have done on the North Ravine.

C. Red Rock Gateway Area Update

Stacie Kvilvang of Ehlers and Associates, Barbara Dacy of the Washington County Housing and Redevelopment Authority and Brian Anderson, City Administrator provided an update on the Red Rock Gateway Area as outlined in the March 1, 2012 City Council packet. A copy of the presentation is provided in the minutes. The City received this grant from the Metropolitan Council to look at the Red Rock Gateway site for potential redevelopment around a future transit site. Through a financial analysis, the Red Rock Gateway has the potential to create \$53 million in increased market value over the next 10-15 years. Due to the size of the project, a TIF District will need to be created to finance it. The County HRA has tentatively agreed to administer the TIF and take the lead on the redevelopment of the project. At the end of the presentation, the City Council was asked the following questions:

- Is it acceptable to the City Council to have the County HRA take the lead role in the redevelopment of the area?
- Does the City Council agree that a TIF District will need to be established in order for redevelopment to occur?
- Is the City Council willing to commit/set aside some dollars for redevelopment?

Councilman Sumner – Who is the County HRA and where is the funding source for them?

Ms. Dacy – The HRA was established in 1981. The HRA Board is appointed by the County Board. One of the seven commissioners is a member from the County Board. In regards to the financing sources, we attempt to receive as much financing through the Federal, State and Local entities as possible. In this case, there is the LCDA program which is a good source of funds. We can also create private activity bonds. I think for this program, we will look to obtain as many grants as possible.

Mayor Geraghty – In regards to the possible grants, is there a match requirement?

Ms. Dacy – There is no match requirement with the Met Council grants but the CBDG does require one.

Mayor Geraghty – If we started using funds prior to the grant being obtained can we count that towards the match?

Ms. Dacy – It depends on the grant.

Mayor Geraghty – What if we do it before the TIF being developed?

Ms. Dacy – Yes, there are certain costs that can be reimbursed.

Motion by Ingemann, seconded by Sumner, to move forward with the principles outlined in the presentation towards redevelopment of the Red Rock Gateway Area. With 3 Ayes, 0 Nays, 2 Absent, the motion carried.

D. Resolution No. 2012-4 – Establishing the 2012 Salaries for the Full-Time, Non-Union Positions

Admin. Anderson presented on this item as outlined in the March 1, 2012 City Council packet. This resolution establishes the 2012 salaries for the six non-union positions. The resolution provides the Council with the option of approving a 0% or 1.5% increase.

Councilman Ingemann – Last year, the Unions received a 3% increase and the staff received a 1.5% increase. I believe the staff should receive a 1.5% increase this year to catch up to the Unions.

Councilman Sumner – I would like to propose that the staff raises follow the parameters set for the Unions to bring them into a synchronized increase starting this year.

Mayor Geraghty – So you're approving a 0% increase for 2012 and then following the Union's rates?

Admin. Anderson – Correct

Motion by Sumner, seconded by Geraghty, to adopt Resolution No. 2012-4 as amended. With 2 Ayes, 1 Nays, 2 Absent, the motion carried.

E. Resolution No. 2012-5 – Establishing an Hourly Rate for the Volunteer Firefighter Positions

Admin. Anderson presented on this item as outlined in the March 1, 2012 City Council packet. This resolution establishes an hourly rate for the volunteer firefighter positions. The resolution increases the hourly rate by \$1.00.

Motion by Geraghty, seconded by Sumner, to adopt Resolution No. 2012-5 as amended. With 2 Ayes, 0 Nays, 2 Absent, 1 Abstained, the motion carried.

10. ATTORNEY'S REPORT

Attorney Knaak – You have before you the prosecution report. It reflects an increase again, 32 criminal matters. We're seeing an overall increase, which is being reflected in the police reporting. I do make note of three other cases. In regards to the Hunter case, we did receive another court of appeals order in our favor and I expect that that will begin soon.

11. POLICE CHIEF'S REPORT

Chief Montgomery – We conducted interviews on Monday for the Community Service Officer. We are doing background checks now, which will take a while. I'm guessing it may be another month or so. The CSO will be doing code enforcement and assisting us as needed. You have the activity report before you.

Councilman Sumner – What constitutes a civil dispute?

Chief Montgomery – It varies. An example could be a rental property where the tenant owes money and the landlord would like to evict them right away but they need to go through a civil hearing.

Councilman Sumner – What about domestics? Is 25 a lot?

Chief Montgomery – I will recheck that, it does seem high.

Councilman Sumner – What's HAR/COMM?

Chief Montgomery – Harassing communications.

Councilman Sumner – And seven hang ups for 911, we investigate all of those? Do they get charged for those?

Chief Montgomery – We do investigate all of them and they don't get charged for it.

Councilman Sumner – We had 27 winter parking violations, is that in result of the parking ban?

Chief Montgomery – Yes

Councilman Sumner – We had three stolen autos?

Chief Montgomery – That's correct.

12. FIRE CHIEF'S REPORT - The fire chief reported on the Fire Department's calls in the last couple weeks, which include: false alarms, vehicle fire, car accident, and mutual aid calls to St. Paul Park.

13. ENGINEER'S REPORT

A. North Ravine Area Drainage Improvements

- 1. Resolution No. 2012-6 – Declaring Cost to be Assessed, and Ordering Preparation of the Proposed Assessment**
 - i. Proposed Assessment Roll**
- 2. Resolution No. 2012-7 – Ordering the Hearing on the Proposed Assessment**
- 3. Resolution No. 2012-8 – Executing and Entering into an Encroachment Agreement with Magellan Pipeline Company, L.P. for Construction of the North Ravine Drainage Improvement Project**
 - i. Encroachment Agreement**

Jim Stremel, City Engineer, presented on the above items as outlined in the March 1, 2012 City Council packet. Resolutions No. 2012-6 and No. 2012-7 allow the City to move forward with the next step in the North Ravine Area project, which is the assessment hearing. If approved, the hearing will take place on April 5, 2012.

Motion by Sumner, seconded by Ingemann, to adopt Resolution No. 2012-6 as presented. With 3 Ayes, 0 Nays, 2 Absent, the motion carried.

Motion by Sumner, seconded by Ingemann, to adopt Resolution No. 2012-7 as presented. With 3 Ayes, 0 Nays, 2 Absent, the motion carried.

Resolution No. 2012-8 approves an encroachment agreement with Magellan Pipeline so that the City can perform construction work on Magellan's easements on the Bailey Nurseries property.

Councilman Sumner – Did the attorney review the agreement?

Attorney Knaak – I did and it is in my judgment that it would be appropriate for you to approve. I had some questions but they have been answered.

Councilman Sumner – I have questions on point 8.a which talks about encroachments. If Magellan needs to do anything with the encroachments, the costs come back to the City?

Attorney Knaak – Correct.

Councilman Sumner – And 8.c says the same thing, anything that Magellan does, we pay for?

Attorney Knaak – Not necessarily, but if anything bad happens to that pipeline, they are liable for the consequences, so they have taken the view that if the City puts something on it, they have the authority to take it off and the City is responsible if anything is messed up.

Mayor Geraghty – How much of their easement will the City be on?

Jim Stemel – It's a small part of the project area, I would estimate two to three months.

Councilman Sumner – In Exhibit B, it talks about vertical separation requirements for waterway crossing. Do we need that requirement?

Jim Stemel – Yes, they've seen the specs and if we need it opened up there will be a representative there.

Motion by Geraghty, seconded by Ingemann, to adopt Resolution No. 2012-8 as presented. With 3 Ayes, 0 Nays, 2 Absent, the motion carried.

14. SUPERINTENDENT OF PUBLIC WORKS REPORT

Superintendent Hanson – The spring load restrictions begin on Monday, March 5. The restrictions are 3 tons per axel on City streets.

15. NEW/OLD BUSINESS

Councilman Sumner – I wanted to mention before we end that the North Ravine project has been a long time in the working and with the last rain there were several homes that were almost damaged and I will be thankful once the project is completed.

Admin. Anderson – I just want to remind our residents and property owners that they are able to pay their utility bills online. People will still receive a bill if they pay online. There will be an open house at the Library on Tuesday, March 20 from 6:00 to 8:00 p.m. Finally, I would like to set up a meeting for the Comprehensive Plan review on Wednesday, March 21. I would like to have three meetings total.

Jim Stemel – One thing that I forgot on Resolution No. 2012-6, I left the percent per annum blank and I believe we should set that tonight. Usually, we base it on the bond percentage which is 3% and then we go a little bit above that. I would recommend that it be set at 4%.

Motion by Ingemann, seconded by Sumner, to amend Resolution No. 2012-6 to add 4% per annum. With 3 Ayes, 0 Nays, 2 Absent, the motion carried.

16. ADJOURNMENT

Motion by Geraghty, seconded by Ingemann, to adjourn the regular Council Meeting at 6:54 P.M. With 3 Ayes, 0 Nays, 2 Absent, the motion carried.

Signed: _____

Tim Geraghty, Mayor

Respectfully Submitted,

Renee Helm
Executive Analyst



City of Newport

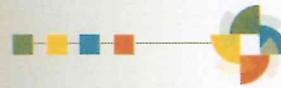
Red Rock Gateway Update

Joint Meeting of the
City Council and Planning Commission

March 1, 2012



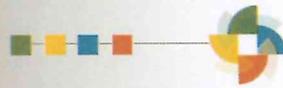
Agenda



- Overview redevelopment area
- Overview vision for area
- Review role of public sector
- Overview of Area Options
- Overview public improvement costs
- Overview strategy/framework to implement redevelopment
- Discussion on next steps



Redevelopment Areas



Total Acreage for 4 Areas is approximately **40.5**

Total acreage for Areas 1-3 is approximately **23**



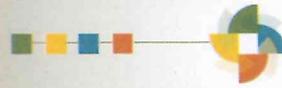
Vision



- Provide framework for coordinated redevelopment that will foster a transit oriented development pattern that serves as a place to live, shop, work, and play
- Introduce and foster the development of a variety of multi-family units
 - ✓ Senior and market rate apartments
 - ✓ Owner-occupied town homes
 - ✓ Senior Cooperative
- Provide opportunities for development of employment opportunities including office, small assembly business and retail uses around the transit center
- Develop plan/framework to upgrade streets and utilities
 - ✓ When developed and how they are paid for



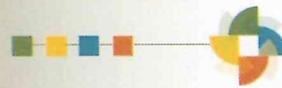
Vision



- Make short-term public investment for long-term gain
 - ✓ Create \$53M in **INCREASED** market value over 10 to 15 years
 - Current value of Areas 1-3 for pay 2012 is \$4.7M
 - Equates to 1,130% in increased property value
 - ✓ Increase taxes paid by nearly **700%**
 - From \$163,000 to \$1,140,000
- Set the stage to encourage private investment and development
- Create significant river park amenity and create pedestrian trails to establish strong links between the River, Newport Island and the community
- Establish connections to Lion's park and future parks



Role of Public Sector



- Role of public sector is to:
 1. Provide basic services
 - Police, fire, sewer, water, etc.
 2. Remove barriers to development/redevelopment
 - Provide "level" playing field by assisting with land assembly, remediation, public infrastructure, financing, etc.
 3. Be clear on vision for the area and have zoning and development standards that reflect the vision



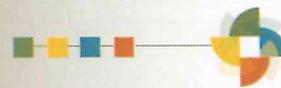
Preparing Development Plan



- Looked at realistic redevelopment options to determine financial feasibility of Areas 1-3 only
 - ✓ Held roundtable discussions between the City Council and Planning Commission and several developers
 - Discussed what land uses, density of housing, retail, office, light industrial and hotel potential there was for the area



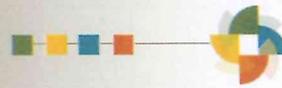
Area Overview



- **Area 1 – Knox Site**
 - ✓ 11.64 Acres
 - ✓ 300 apartments (at 50+ units/acre)
 - 30,000 sq/ft office
 - 10,000 sq/ft retail
 - ✓ Transit Center and Parking ramps
- **Area 2 – Area South of Knox**
 - ✓ 7.90 acres (8.69 acres if you include commercial portion that will remain)
 - ✓ 142 apartments (at 25 units/acre)
 - ✓ Potential City Hall
 - ✓ 20,000 sq/ft office
 - ✓ Leave existing commercial to the east
- **Area 3 – Area Adjacent to Tinucci**
 - 2.32 acres (2.61 acres if you include Tinucci's that will remain)
 - 12 town homes (at 8 units/acre)
 - ✓ Parkland
 - Assume \$235,000 in grant funds to acquire 4 parcels for park



End Use For Financial Projections



End Use Summary						
Apartment Type	Area 1	Area 2	Area 3	Total	Bonestroo Mk Study	
Sr. Apartment	0	62	0	62	85-130	
Market Rate Apartment	300	80	0	380	550	
Town Homes	0	0	12	12	0	
Office	30,000	20,000	0	50,000	30,000-60,000	
Retail	10,000	0	0	10,000	10,000	
TOTAL RESIDENTIAL	300	142	12	454	635-680	

Note: Number of residential units is more conservative than those shown in market study



Development Timing



Area 1	2015	2016	2017	2018	2019	2020	2021	TOTAL
Market Rate Apt	60		60		60			180
Market Rate Apt						60	60	120
Retail				10,000				10,000
Office				10,000		20,000		30,000

Area 2	2015	2016	2017	2018	2019	2020	2021	2022	2023	TOTAL
Market Rate Apt				80	0					80
Sr. Apt		62								62
Retail										0
Office							10,000	10000		20,000

Area 3	2015	2016	2017	2018	2019	2020	2021	2022	2023	TOTAL
Town Homes						12				12

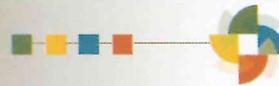


Town Center
Mendota Heights





Financial Feasibility

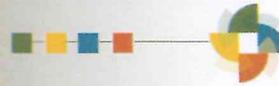


Area 1 - High Density - 50+ Units/Acre						
Cost of Land (2 Parcels)	End Use	Excess/ (gap)	TOTAL Development Valuation	CURRENT Annual Taxes	FUTURE Annual Taxes	
\$3,556,150	Parking Ramp	\$4,697,024	\$0	\$0	\$0	
	Apartments		\$17,100,000		\$313,815	
	Apartments		\$11,400,000		\$209,210	
	Office		\$3,750,000		\$144,102	
	Retail		\$1,250,000		\$47,571	
\$3,556,150	N/A	\$4,697,024	\$33,500,000	\$0	\$714,698	
Area 2 - Medium Density - 25/Units/Acre						
Cost of Land (26 of 27 Parcels)	End Use	Excess/ (gap)	TOTAL Development Valuation	CURRENT Annual Taxes	FUTURE Annual Taxes	
\$5,234,453	Pending	(\$1,694,917)	\$0	\$92,529	\$0	
	St. Apartments		\$5,890,000		\$108,092	
	Apartments/City Hall		\$7,800,000		\$139,473	
	Existing Commercial		\$364,200		\$13,576	
	Office		\$2,500,000		\$95,141	
\$5,234,453	N/A	(\$1,694,917)	\$16,354,200	\$92,529	\$356,283	
Area 3 - Medium Density - 8 Units/Acre						
Cost of Land (11 of the 12 Parcels)	End Use	Excess/ (gap)	TOTAL Development Valuation	CURRENT Annual Taxes	FUTURE Annual Taxes	
\$1,656,768	Town Home	(\$968,219)	\$2,364,887	\$70,462	\$32,760	
	Park		\$0		\$0	
	Existing Townscl.		\$875,000		\$35,694	
\$1,656,768	N/A	(\$968,219)	\$3,239,887	\$70,462	\$68,454	
Grand Total	\$10,447,372	N/A	\$2,033,889	\$53,094,087	\$162,992	\$1,139,434

City's portion
of taxes is
roughly 50%



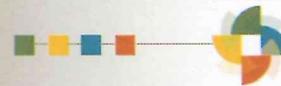
Public Improvements – Areas 1-3



- Public Improvements Include:**
1. Roads/Medians
 2. Bike Paths
 3. Lighting
 4. Sidewalks
 5. Ponding

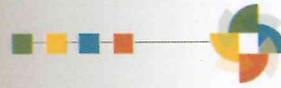


Road Improvement Costs



AREAS 1-3							Timing
Street	Type	Responsible Entity	Cost	30% Contingency	30% Professional Fees	Total Cost	
Street B	2 Lane	County	\$120,858	\$36,257	\$47,135	\$204,250	2020
Maxwell Avenue	4 Lane w/median and 6' sidewalks on both sides	City/County	\$ 1,423,701	\$427,110	\$555,243	\$2,406,055	
Street C	2 Lane w/parking on both sides	City	\$ 224,092	\$67,228	\$87,396	\$378,715	
2nd Avenue	2 Lane w/parking on both sides	City	\$ 453,219	\$135,966	\$176,755	\$765,940	
TOTAL	N/A	N/A	\$2,221,870	\$666,561	\$866,529	\$3,754,960	N/A

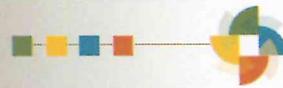
Option Surplus/(Gap)



Net Land Assembly Costs	Public Improvements	Surplus/(Gap)
\$2,033,889	\$3,754,960	(\$1,721,072)

Note: Net land assembly costs consists of total land assembly minus and developer land payments, grants and TIF

Area 4 – 17.56 Acres



Area 4 Land Assembly Costs



Area 4 A	
Cost of Land (3 Parcels)	Excess/ (gap)
\$ 1,326,708	(\$1,326,708)
\$1,326,708	(\$1,326,708)

Area 4 B	
Cost of Land (3 Parcels)	Excess/ (gap)
\$ 3,591,787	(\$3,591,787)
\$3,591,787	(\$3,591,787)



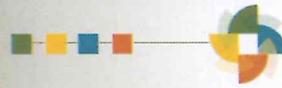
Area 4



- Regulations today and navigation channel issues do not make a marina feasible in 2012
- Amount of retail shown in land use plan will not be supportable, even with a marina as long as cold storage facility stays
- Set framework for future redevelopment by:
 - ✓ Request right of first offer and/or refusal on properties when being sold
 - ✓ Require or obtain easement along River when properties are sold
 - ✓ Set up vision in plan to provide a view corridor to the River to establish connections
 - ✓ Determine road and public infrastructure needs
 - ✓ Continue to investigate redevelopment options over the next 10 years
 - ✓ Split Area 4 into two development areas and focus on area across the street from area 2 for employment opportunities



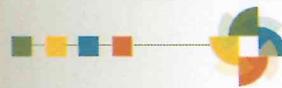
Next Steps (next 18-24 months)



1. **Finalize redevelopment plan/framework**
 - ✓ Land uses, Zoning, Density, Roadways/Utility Improvements, Financing
 - ✓ Public hearing on zoning tentatively May 10, 2012
 - ✓ Final approval of zoning and redevelopment plan tentatively June 7, 2012
2. **Discussion with City regarding County HRA creating and administering the TIF district**
 - ✓ Who creates and administers (City or HRA)
 - ✓ City Council to work with County Commissioner on need for a TIF district
 - TIF to be utilized to repay HRA/City for land acquisition and public improvements
 - District won't be created until first development comes in
 - Base taxes will still be paid to all taxing jurisdictions (city's share approximately \$80,000)
 - TIF won't impact schools
 - Increased market value offsets taxes for any referendum



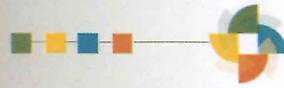
Next Steps (next 18-24 months)



- 3A. **Develop funding strategy for public improvements and coordinate with County**
 - ✓ Use of TIF
 - ✓ Other funding
- 3B. **Develop land acquisition strategy/plan for Areas 2, 3 and 4A**
 - ✓ City may use existing EDA funds to assist in acquisition
 - ✓ Prepare letter to be sent to all property owners to determine their desire to sell their property (determine timing, etc.)
- 3C. **Develop plan to obtain outside funding/grants and apply as appropriate**
4. **Work with County HRA to develop and coordinate marketing strategy for Areas 1-3 to entice private development**



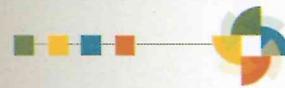
Final Comments



1. Redevelopment of this area is financially feasible
 - ✓ Small gap that can readily be solved
2. The timing is right for undertaking this project now
 - ✓ Market is starting to recover
 - ✓ Costs to assemble land are reasonable
 - ✓ Site is perfectly positioned to move forward
3. There is a cost associated with doing nothing
 - ✓ Tax base continues to decline
 - ✓ Negative public perception about the community
 - ✓ Public safety issues



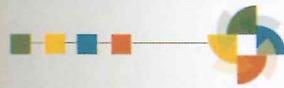
Final Comments



4. Tax increment is a financing instrument that is a short-term investment for a long-term gain
 - ✓ Tax increment will be used for land assembly (acquisition, relocation, environmental remediation and demolition) and for public improvements to the roadways and utilities within the area
5. Public sector needs to set the table for private development to occur
 - ✓ City and HRA are poised to do that
 - ✓ Redevelopment of a significant area takes a long time (20 to 30 years)



Final Comments



6. HRA has capacity to undertake redevelopment, including funding acquisition, relocation, and demolition
7. HRA has capacity to create, manage and administer TIF district
 - ✓ Costs associated with creating and administering district through term (annual reporting, etc.)
 - ✓ If HRA undertaking risk to front costs for land assembly, should have means to reimburse themselves
8. HRA has capacity to secure developers all in partnership with the City



Final Comments



9. Have patience
 - ✓ Redevelopment of a significant area takes a long time to complete (20 to 30 years)
 - ✓ However, likely will have significant development/changes in first 5 to 10 years



Outcomes For Tonight's Meeting



1. Is it acceptable to the City Council to have the County HRA take the lead role in the redevelopment of the area
 - Land acquisition and assembly
 - Marketing and developer solicitation
 - Developer negotiations
 - Etc.
2. Does the City Council agree that a TIF district will need to be established in order for redevelopment to occur
 - Reimburse HRA and/or City for land assembly costs
 - Use TIF to finance public improvements
3. Is the City Council willing to commit/set aside some dollars for redevelopment of the area
 - Predevelopment costs (Phase I and II, soil borings, etc.)
 - Land acquisition and/or public improvements

