

Meeting of: COLUMBIA HEIGHTS CITY COUNCIL
Date of Meeting: August 5, 2019
Time of Meeting: 7 pm
Location of Meeting: Conference Room #1
Purpose of Meeting: Work Session

CALL TO ORDER/ROLL CALL - The meeting was called to order at 7:10 pm

Present: Mayor Schmitt, Councilmembers Murzyn Jr, Novitsky, Williams, and Buesgens

Staff Present: Kelli Bourgeois-City Manager, Kevin Hansen-Public Works Director, Joseph Kloiber-Finance Director, Aaron Chirpich-Community Development Director, and Nicole Tingley-City Clerk/Council Secretary.

1. City Hall Master Plan (Update)

Bob Lux, founder and president of Alatus presented the preliminary concept plan/drawing for a City Hall site at 40th and Central Avenue and provided an overview of the site. Lux explained that there would be underground parking for the residents of the apartments and a ground level co-use parking lot for City Hall, the residents, and retail space noting that the residents could only use the ground level lot outside of City Hall hours. Councilmember Buesgens asked about parking for evening activities at City Hall like City Council meetings. Lux answered that the City would have priority and that lights could be used to distinguish spots available to meeting attendees and apartment residents. Buesgens also asked if there would be any public parking explaining that the church currently uses the ramp. Lux responded that there would not be any public parking.

Lux stated that there is currently 17,000 square feet included for City Hall, but understands that the City would like 20,000 square feet. Lux stated that this could be accomplished by either having City Hall space on the second level or extending the building. Lux noted that there is a significant cost difference between having one or two floors for City Hall.

Lux stated the project is not dependent on having City Hall at the site. He explained that if there was additional retail space instead of City Hall that it would only be around 5,000 feet. Furthermore, he noted that having City Hall at the site would stabilize the apartments and additionally the two uses would be compatible. It was noted that both the private sector and public sector investment in this site would make the surrounding area more attractive to future development.

Lux explained that Alatus is requesting TIF. He stated that there would not be any money due from the City when the space is turned over to the City for ownership, but the City would need to pay for furniture, fixtures, and equipment (FFE). It was noted that there would be an agreement with the City for repair and maintenance of the common areas and exterior and likely the City would pay based on the percentage of the building it occupies.

Community Development Director Chirpich inquired about making an identity for City Hall within the project. Lux answered that they could use architecture to make the City's area distinct.

Councilmember Buesgens asked if this is the first project that includes housing and a city hall in one building. Cindy McCleary, the Managing Principal, Market Sector Lead Public & Institutional from Leo A Daly stated that both Elko New Market and Waconia city halls include public housing, but this would be the first with private housing.

Public Works Director Hansen asked how many parking spots were on the site. It was noted in the plan there are 232 spots on the lower level and 106 on the first level with some reserved for users of the leased retail space.

Chirpich asked if the mechanical equipment for City Hall and the rest of the building would be separated. Lux answered that they would be and commented that the apartments would be use using a VRF (variant refrigerant flow) system and would encourage the City to use the same. It was also noted that electricity would be individually metered.

Chirpich inquired what Alatus envisioned for the brand of their portion of the site. Lux answered that they would hire a consultant to assist them and provided examples from their other sites. Lux added that the branding would be thoughtful and representative of the neighborhood.

Mayor Schmitt asked what the next steps are. Lux answered they would have meetings with the City to determine our needs, the architects would meet to come up with multiple solutions, the cell tower issue would need to be resolved, and they would complete more market research to determine the number and mix of the units.

Mayor Schmitt asked about the cell towers locating to a private site. Lux expressed concern regarding the possibility of interference if the cell towers were relocated to the library. Community Development Director Chirpich stated that the place that there are looking to place it is elevated. Public Works Director Hansen stated an interference study would be conducted. Chirpich stated that there is an alternate site and that the cleanest way is to have the cell towers located in one of the public sites already identified. City Manager Bourgeois added that the City has a lease agreement for the cell towers and would continue to earn rent if located on a city site.

Councilmember Williams expressed concerns regarding pollution on the site. Public Works Director Hansen responded that an environmental evaluation would be completed, but based on the work at the library he does not believe there is pollution. Lux asked what the pollution was at the library site. Hansen answered that it was a landfill.

The City Council provided direction to work on the design of the potential City Hall space with McCleary. Each member of the Council stated their thoughts on having City Hall located at the site of the NE Business Center as follows:

- Buesgens- Interested in exploring further, but is torn between the NE Business Center location and the existing City Hall site option with the connection to Murzyn Hall.
- Novitsky- Interested in exploring further.
- Schmitt- Interested in exploring further.
- Williams- Interested in exploring further, but is cautious of pollution.
- Murzyn, Jr.- Similarly to Buesgens is torn between the NE Business Center location and the existing City Hall site option with the connection to Murzyn Hall. He noted he wants more information on price of each option.

McCleary continued the City Hall discussion by providing information on the possibility of vertical expansion on to the Public Safety building. In summary, significant and expensive modifications would have to be made in order to support an additional floor and it would only yield approximately 7,000 to 11,000 square feet. Adding on two stories would not be possible.

With permission, McCleary commented on the presentation by Lux for incorporating City Hall into the Alatus development and 40th and Central. McCleary stated that she would also suggest VRF for the mechanical system and that she agreed that the shared parking on the ground level could work as there are many good strategies to managing it. McCleary shared the following points that she thought the City Council needed to take into account when considering the NE Business Center location for City Hall:

1. This location does not allow for room for expansion, growth, or change. This site would likely meet 20 year needs, but possibly not 50 year needs.
2. Pros and cons of having a second floor
3. Logistics of selling the site at a later date (in the case that the City wants to move to a different site)- ex. How parking would be transferred etc.
4. This is not a “free” concept.

There was a brief discussion on the square footage price for the 40th and Central Ave City Hall site and the Murzyn Hall connection City Hall site. McCleary estimated a total of \$200-\$240 per square foot for the 40th and Central Ave site and \$240-\$300 per square foot for the Murzyn Hall connection site.

It was clarified that the 20,000 square feet would include engineering and public works administration. Public Works Director Hansen explained that the public works department needs more space and that they work regularly with the finance and community development departments.

City Manager Bourgeois briefly discussed the location options. She noted that the benefit of connecting with Murzyn Hall would be that City Hall would be more of a “one stop shop” and would allow for efficiency in staffing. On the other hand, the 40th and Central Ave location would allow the City to use funds already set aside for a new City Hall for other purposes. Bourgeois also stated that the lot behind the public safety building is an opportunity zone for development. It was also noted that other government entities contribute to TIF.

Councilmember Buesgens stated that she would like for there to be a survey of staff on the two location options of 40th and Central and the Murzyn Hall connection. City Manager Bourgeois stated that this could be completed later once there is more information and details on each of the options.

Mayor Schmitt stated that there could be a reduction in staff if all were located in one space because of duplication of duties. City staff agreed that there could be efficiencies in areas such as reception, but would not lay off staff but rather take advantage of retirements.

Councilmember Novitsky asked how much it would cost to add in the additional square footage required for Engineering and Public Works Administration. McCleary provided a rough estimate of \$660,000 and noted once the layouts of each site is determined, less square footage may be required.

Mayor Schmitt shared that she did not like the openness of the Fridley City Hall as there is not the opportunity for private phone calls and meetings with residents. McCleary explained it is a cost-benefit analysis as offices are more expensive than workstations. It was discussed that there are other ways to have privacy besides an office including higher cubicle walls and separate privacy rooms.

Mayor Schmitt stated she would like Mill Street to remain open in the Murzyn Hall connection option. McCleary stated that the access could be maintained onto Mill from 40th, but it would not be possible for the street to remain open.

Councilmember Murzyn noted that Murzyn Hall can be difficult to find as it is now. Finance Director Kloiber stated that it may be easier to find in the future if it is visible from 40th Avenue. Councilmember Buesgens suggested more wayfinding signage.

Finance Director Kloiber asked if there was an estimated price of selling the NE Bank Business Building and Parking Ramp. Community Developer Chirpich responded that the hope is to recoup the City's cost of purchase plus cost of ownership until a sale.

It was clarified that the base line for the TIF of the property would be the property as is currently. It would not matter if the building is torn down or not.

Councilmember Murzyn noted that the City also paid to purchase the single family house property next to the NE Business Center and that cost has not been accounted for when the City sells the NE Business Center property.

Chirpich stated that he believes it is important for all City staff to be on one story. Chirpich stated that the conversations for a second story at the NE Business Center site have centered around having Council Chambers on the second floor. Chirpich asked McCleary for her opinion on this. McCleary answered that it is the first choice to have the Council Chambers on the first floor for workplace safety. McCleary stated that it would be ideal to have functions on the second floor that are not customer facing such as I.T. or file storage.

Councilmember Murzyn expressed concerns with a different building owner in the future. It was noted that Alatus would have to own the building for 10 years because of the opportunity zone. McCleary stated that is why it is important to have a developer's agreement that considers many different scenarios such as the need to sell the City Hall space in the future. City Manager Bourgeois stated that in the future if the City would need to move out of the space, the City should be able to sell the site with the parking including and use the funds towards a City Hall somewhere else.

The duration of the TIF was discussed. It was clarified that the maximum duration is 26 years and that would be utilized if a City Hall were to be located at the NE Business Center. It was estimated the TIF district would be closer 15-20 years if the City Hall was not included. Finance Director Kloiber clarified that the TIF in any case would only be eligible until the eligible public expenditures are reimbursed.

Councilmember Buesgens asked about the difference between maintenance in a "condominium like" space and a stand-alone building. Public Works Director Hansen stated that the interior maintenance would be the same, but some exterior maintenance in a "condominium like" space would be shared unlike in a stand-alone building.

Each of the Councilmembers provided their input on completion of a further analysis by City Staff and McCleary of the 40th and Central option and the Murzyn Hall connection option as follows:

- Buesgens- Would like more information on each as she is torn. She has some long term concerns with the 40th and Central site.
- Novitsky- Would like more information on each option specifically square footage and dollar amounts.
- Williams- Is open to both options.
- Murzyn- Would like to further explore both options.

Mayor Schmitt inquired how much money this analysis would cost. McCleary estimated \$5,000-\$10,000. McCleary stated that a test fit layout would be completed for both sites, a construction cost update for the Murzyn Hall connection option and a Tenant Improvement (TI) cost estimate for the 40th and Central option. Community Development Director Chirpich asked if the City could receive an estimate for the cost of Furniture, Fixtures, and Equipment (FFE). McCleary responded this could be completed and stated it is typically \$20 per square foot plus technology.

2. Silver Lake Boat Landing Project(s)

Public Works Director Hansen shared that the City received a \$250,000 grant from the Minnesota DNR through their Outdoor Recreation Program for the Silver Lake Boat Launch. Hansen explained that as part of the project it would be required to relocate the sewer lift station. This means that it would have to be relocated in 2020 instead of 2021 as originally planned in order to accommodate construction. Hansen stated that Staff is requesting to proceed with design for these projects so that the City can receive bids in early 2020.

Mayor Schmitt inquired about the asphalt circle on the plan and its purpose. Hansen stated that the plan is going to be modified to remove this in order to add more parking stalls.

Hansen also noted that he will be meeting with the homeowners association for the lake.

The City Council provided direction to move forward with design.

3. Conduit Bonds for Prodeo Academy

Community Development Director Chirpich stated the Prodeo Academy, a K-8 charter school is interested in redeveloping the Oak Hill Baptist Church site and is seeking the City to be a conduit issuer of bonds. Chirpich stated that as a conduit issuer the City would not have an administrative role, it would not cost anything to the City, and it would not have an effect on the City's credit rating. Chirpich added that the City would earn a one-time issuer fee equal to 1% of the loan or \$220,000 to \$240,000. Chirpich stated that this item will be on the August 12th agenda as a preliminary resolution and on the September 9th agenda as a final resolution. It was clarified that being a conduit issuer would have not impact to taxpayers, this type of financing is sought because it enables a less expensive bond rate, and the land-use components would have to be settled before closing on the transaction.

4. Schedule Open Meetings & Data Practices Training

City Manager Bourgeois stated that the City Staff would like to have the League of Minnesota Cities administer a training session for City Council and commissioners regarding the Open Meetings Law and Data Practices. Bourgeois inquired for possible dates. The City Council provided the afternoons of September 16th, September 23rd, and September 30th as options. City Clerk Tingley stated that she planned on giving the City Council an update with the chosen date next week.

5. Personnel Policy & FMLA Policy

City Manager Bourgeois stated that she included a draft of a new personnel policy and FMLA policy in the packet. She noted that the policy would be brought for discussion to the September work session and anticipated it would be on the City Council agenda in September.

Meeting Adjourned at 9:24 p.m.

Respectfully Submitted,



Nicole Tingley, City Clerk/Council Secretary