

CITY OF FALCON HEIGHTS
City Council Workshop
City Hall
2077 West Larpenteur Avenue

MINUTES
Wednesday, December 3, 2025
6:30 P.M.

A. CALL TO ORDER: 6:35 PM

B. ROLL CALL: GUSTAFSON__X__ LEEHY__X__
MEYER__ MIELKE__X__ WASSENBERG__X__

STAFF PRESENT: LINEHAN__X__ JOHNSON__X__

C. POLICY ITEMS:

1. Larpenteur Senior Apartments Conduit Bond Request

Linehan introduced a conduit bond request for the proposed Larpenteur Senior Apartments, located on the parcel adjacent to Amber Union. He explained that the site previously had an approved Planned Unit Development (PUD) under Buhl, which was later sold to Velair Development. Taft will serve as bond counsel for the City. The process is similar to the Amber Union conduit bond issued in 2021, with bond funding submitted to the State of Minnesota. Linehan noted that the conduit bond presents minimal financial risk to the City, as all legal and issuance costs are paid by the applicant. The City would receive one-quarter of the issuance fee, estimated at approximately \$62,000, while supporting the development of affordable senior housing.

Marty O'Connell, developer with Velair Development, presented the proposal. Councilmember Mielke asked whether the bond program is competitive. O'Connell confirmed that it is highly competitive, with a waitlist, and that the project would likely receive an award in 2026 or 2027. The proposal includes a 110-unit affordable senior apartment building. O'Connell shared background on Velair Development, noting its experience in affordable housing and in-house property management.

The building would include one level of underground parking and serve residents aged 55 and older. Units would include a mix of studios, one-bedroom, and two-bedroom apartments. The project proposes 116 parking stalls, a combination of underground and surface parking. Shared parking currently used by Amber Union would remain. The site is located near public transit. Planned improvements include upgraded street frontage, no changes to the curb cut, and potential stormwater infrastructure beneath the parking area.

Parking was discussed in detail. The proposal includes 116 stalls, equating to approximately 1.05 stalls per unit and 0.91 stalls per bedroom. O'Connell explained that senior-oriented housing typically generates lower parking demand, particularly with a high share of one-bedroom units. Councilmember Mielke asked whether this ratio was

comparable to similar developments. O'Connell stated that many suburban senior developments provide between 1.0 and 1.5 stalls per unit, but those located farther from transit often have unused parking.

Councilmember Wassenberg asked whether all units would be restricted at 60 percent AMI. Rents would be restricted at an average of 60 percent AMI, with units ranging from 30 to 70 percent AMI. For 2025, 60 percent AMI was noted as \$63,600. The project will not include assisted living. O'Connell shared that COMO Connects has expressed interest in providing voluntary services for residents. Age requirements include at least one household member aged 55 or older, with others aged 50 or older.

O'Connell outlined key benefits to the City, including the addition of new affordable senior housing, commercial use of the site, an increase to the property tax base, receipt of an issuance fee, and productive use of a key development site. He also provided an overview of the anticipated development timeline.

Councilmember Leehy asked about on-site management and programming. O'Connell stated management and maintenance staff would be on-site during weekday business hours and that the financing requires long-term ownership. The project plans to offer regular resident activities.

Councilmember Wassenberg asked about the duration of affordability restrictions. O'Connell confirmed affordability would be maintained for 30 years with no market-rate conversion. Councilmember Wassenberg expressed support for the site layout and landscaping.

Mayor Gustafson, on behalf of Councilmember Meyer, asked how age restrictions function in situations involving multigenerational households. O'Connell explained that property management and maintenance staff work closely with residents and can make accommodations when appropriate.

Linehan clarified that the previously approved PUD contains limitations and that amendments may be required through the planning process. He emphasized that support for the conduit bonding resolution does not imply support for future land use or planning approvals. The conduit bond would function as a pass-through mechanism allowing the City to assist in the development of affordable housing without impacting the City's own bonding capacity.

Councilmember Gustafson asked whether the developer was requesting Tax Increment Financing (TIF). O'Connell stated that Velair is not seeking TIF, though there are financing gaps and the project is pursuing multiple funding sources. Linehan added that the proposed \$25 million state bond does not count against the City's bond cap.

2. Budget Workshop #5

Linehan provided an update as the City prepares for the Truth-in-Taxation hearing scheduled for December 10, noting that staff is finalizing the proposed 2026 budget.

a. Final Budget

- The General Fund balance is projected to decrease. Presenting a final levy of \$2,882,408, which includes a general levy of \$2,712,781 and a debt levy of \$169,627. This remains consistent with the preliminary levy submitted to Ramsey County, which is an increase of \$107,649 or 3.88% from 2025.
- The financial consultant budget was reduced from \$100,000 to \$73,000 in order to maintain the proposed property tax levy at 3.88 percent.

b. Capital Updates

- General Capital: A modest allocation of \$15,000 is proposed for improvements to the Council Chambers.
- Public Safety Capital: Funding levels will remain unchanged. Linehan discussed the potential inclusion of body-worn cameras, which could be funded through either the General Fund or Capital Fund. The cameras would require annual transfers over a 10-year period, and the City would not own the equipment.
- Capital Outlay – Machinery & Equipment: \$350,000 is proposed for the purchase of a street sweeper and a new electric pickup truck. The Community Park renovation timeline has been extended over two years due to remaining work.
- City Monuments: An additional \$40,000 is proposed to add a digital sign to the existing City Hall monument sign.
- Les Bolstad Fund: A new fund is proposed using \$80,000 of surplus from the 2025 General Fund. Linehan noted that planning consultants are currently being interviewed.

c. Special Revenue Funds

- All special revenue funds maintain positive balances. The charitable gambling fund continues to perform well, though the Council will need to identify a charitable recipient.
- The Community Garden fund includes funding for supplies and a potential expansion of garden plots.
- The Water Fund supports hydrant maintenance, with a portion of water bill revenues dedicated to replacement.
- The Recycling Fund collects recycling fees and pays Tennis Sanitation; future recycling initiatives were discussed.
- Community Economic Development funding remains unchanged. A separate capital fund will be created for the Les Bolstad project.
- Street Lighting funding remains unchanged.
- The Community Inclusion fund includes a proposed \$10,000 transfer from the General Fund, with future use plans to be developed.
- A Parking Management fund was created to support ParkMobile operations. Revenue projections are more conservative, and a \$49,000 transfer to the General Fund is proposed to reduce the levy. No major changes are anticipated.

d. Enterprise Funds

Both enterprise funds are stabilizing after some funds were used for the Community Park project.

- Sanitary Sewer: A sewer rate increase of \$0.25 per month is proposed. Primary costs include Metropolitan Council charges and the sewer lining program. Approximately \$600,000 remains in sewer relining, with \$400,000 proposed in 2026 and \$200,000 in 2027, funded from operating reserves.

- Storm Drainage: A \$0.25 per month fee increase is proposed, with no other changes.

e. Debt Service Funds

- With the 2023 G.O. Improvement Bond fully paid off in 2025, the only bond principal scheduled for payment in 2026 is the 2021 G.O. Improvement Bond.
- The 2023 street project will continue to receive assessment payments after payoff, creating a fund balance that may be used to offset future debt.
- The 2025 street project assessments were reported as favorable.
- Overall, the City continues to make progress in reducing outstanding debt.

Gustafson asked about the cost of body-worn cameras for the Police Department. Linehan estimated the cost at approximately \$40,000 annually. He also reviewed staffing costs, noting a current annual average of approximately \$1.4 million, with a proposed 2026 budget of \$1.7 million as staffing levels are fully ramped up. Linehan stated that body-worn cameras would likely be treated as a capital expense or require a budget amendment funded through a transfer from fund balance. He noted that while the City has historically had annual surpluses, future budgets are being prepared more conservatively and cannot rely on consistent surpluses.

3. Class & Comp Study

a. Council

Linehan explained that there are legal limitations regarding when the City Council may adjust its own compensation. After review by staff and the City Attorney, the recommended approach is to establish a new compensation structure beginning in 2028, with future adjustments tied to a Consumer Price Index (CPI). Linehan noted that any attempt to increase council salaries before that timeframe would violate state statute.

Wassenberg expressed support for linking future adjustments to the Consumer Price Index (CPI), noting that the Council does not vote on CPI values, while it does approve cost-of-living adjustments (COLA). Gustafson asked whether the Council would be required to vote on the adjustment. Linehan clarified that no Council action would be required, as the adjustment would be automatic, with staff responsible for calculating the annual increase.

Linehan noted that, based on comparable cities, council compensation has not kept pace with salary adjustments provided to staff. Gustafson characterized council compensation as a stipend recognizing the cost of service. Leehy asked whether the new compensation level would need to be adjusted to reflect 2028 CPI values. Linehan responded that the recommendation is to set a new base rate effective in 2028, after which future councils could determine how and when to adjust compensation.

b. Staff

Linehan presented proposed staff compensation adjustments, including a 3 percent COLA, consistent with comparable cities. He noted that the increase would be funded across multiple sources, as most positions are not paid solely

from the General Fund. The General Fund impact is estimated at \$18,000, with no impact on the tax levy. The proposal also includes adjustments to move each employee to the closest appropriate step within the pay plan relative to their current rate.

4. Statement of Support for Somali / Karen Residents

Linehan explained that Councilmember Mielke requested discussion of a resolution of support in response to rapidly evolving events affecting Somali and Karen residents. Mielke stated that while she initially sought a formal resolution, she now recommends issuing a statement instead, given the changing nature of the situation.

Gustafson noted that City policy does not require residents to disclose citizenship or immigration status and emphasized that divisive or race-based hateful speech is not welcome in the community.

Leehy referenced similar statements previously issued by the City and expressed support for reiterating those principles rather than adopting a new resolution. She stated that the City has historically affirmed that Falcon Heights is a safe and welcoming community and that such statements are intended to apply broadly to all residents when groups are targeted. Wassenberg agreed, noting that a brief statement addressing current circumstances would be appropriate. Wassenberg and Mielke agreed to work together on a draft for issuance that week.

5. Renters Rights Policies - Pre-Approval

Linehan explained that staff revised the proposed Renters' Rights policies after incorporating feedback received to date. To solicit input from property owners, staff hosted a meeting and invited all property owners; however, feedback was received from only one attendee.

Linehan noted that the addition of an air conditioning requirement is common in southern jurisdictions and includes an enforcement component.

a. Chapter 105 - Crime Free Housing

The Crime-Free Housing program was updated to revise background check requirements, add a defined look-back period, and establish an appeals body.

Mielke asked about the proposed two-week buffer period between heating and air conditioning requirements. Gustafson noted that the buffer aligns with state law and provides landlords with flexibility to adapt to changing weather conditions. Linehan stated that removing the buffer could improve clarity and enforcement. Wassenberg commented that weather conditions vary year to year. Gustafson added that some properties require additional time to switch systems between heating and cooling, and that a buffer allows operational flexibility. He also noted that removing the buffer could allow for clearer enforcement.

Linehan emphasized that enforcement would be complaint-based, with the goal of achieving compliance rather than issuing penalties. A narrower or eliminated buffer could provide staff with greater enforcement flexibility.

Leehy suggested removing the buffer between air conditioning and heating requirements and updating heating standards to align with state law.

It was agreed that the buffer would be removed, and staff would bring the ordinance at the next City Council meeting.

6. 2026 Calendar

Linehan explained that the City Council annually adopts the official meeting calendar. He recommended proactively reviewing meetings that fall on holidays in order to reschedule them in advance. Linehan also noted that summer hours and holiday scheduling present staffing challenges, as employees receive holiday pay and some holidays fall on Fridays when staff work reduced hours. Council is in favor.

D. ADJOURNMENT: 9:01 PM

DISCLAIMER: City Council Workshops are held monthly as an opportunity for Council Members to discuss policy topics in greater detail prior to a formal meeting where a public hearing may be held and/or action may be taken. Members of the public that would like to make a comment or ask questions about an item on the agenda for an upcoming workshop should send them to mail@falconheights.org prior to the meeting. Alternatively, time is regularly allotted for public comment during Regular City Council Meetings (typically 2nd and 4th Wednesdays) during the Community Forum.



Randall C. Gustafson, Mayor

Dated this 22nd day of December, 2025



Jack Linehan, City Administrator