

**OSSEO ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING MINUTES
October 5, 2009**

1. ROLL CALL

President Kevin Rebman called the regular meeting of the Osseo Economic Development Authority to order at 7:00 p.m., Monday, October 5, 2009.

Members present: Will Lienemann, Kevin Rebman, Dan Sadler, Ken Schreiber, Dan Spanier, and Bruce Wiley.

Members absent: Steve Menth.

Staff present: Executive Director Greg Withers, City Attorney Loren Magsam, Development Services Director Jeffrey Dahl, and Deputy Clerk LeAnn Larson.

Others present: John Cochran, April & Jeff Tatur, Andrew Parker, Mark Schulz, Duane Poppe, Ron Barger, and Paul Kiefer.

2. APPROVAL OF AGENDA

A motion was made by Lienemann, seconded by Schreiber, to approve the Agenda as presented. The motion carried 6-0.

3. APPROVAL OF MINUTES – August 3 and September 8

A motion was made by Schreiber, seconded by Spanier, to approve the minutes of the August 3, 2009, and September 8, 2009, meetings. The motion carried 6-0.

4. MATTERS FROM THE FLOOR – None.

5. ACCOUNTS PAYABLE

A motion was made by Wiley, seconded by Schreiber, to approve the Accounts Payable (Listing 100509EDA, run 10/1/09 2:36 PM, in the amount of \$7,678.56). The motion carried 6-0.

6. OLD BUSINESS

A. DISCUSS PURCHASE OF 9 CENTRAL AVENUE FROM JEFF & APRIL TATUR

Executive Director Withers stated at last month's EDA meeting the motion was made to conduct an Executive Session for the purpose of considering the purchase of 9 Central Avenue from Jeff and April Tatur. Since discussions by City officials about purchase or sale of property is required in a public and open meeting, an Executive Session is not warranted in this case.

Withers stated prior to the beginning of the Central Avenue Project construction, the City Council authorized an appraisal of the property at 9 Central Avenue. The building was badly damaged by fire April 16, 2008, and has not been restored. He stated there are several reasons to consider this matter. First, no major improvements have been made to this fire-damaged building for 1 ½ years. Second, this is one of the key gateway areas into downtown Osseo as

part of the Central Avenue Project. Third, the approved preliminary plans for the reconstruction of Hennepin County Highway 81 show a need to add this property to the highway right-of-way.

Withers said the appraisal completed for the City considered the property "as is" in its unfinished, unrestored state--value estimate of \$80,000. Withers recommended the offer to purchase this property for the appraised value of \$80,000.

Sadler stated the Tatur's are on record as not intending to sell their property. He suggested letting Hennepin County worry about the property purchase when the Bottineau Boulevard street construction work commences.

Schreiber suggested dropping the idea since he thought \$80,000 was too much to offer for this small property.

Spanier said Withers had some valid reasons to consider the purchase, but he would rather see the property remain on the tax rolls for now.

Lienemann said he would abstain from voting on this matter.

Wiley stated he doesn't have an interest in the building but considers it a tragedy that Tatur's have left the building in disrepair for so long after the fire. His building, North Clinic, is across the street and also suffered smoke damage from the fire at Tatur's building, but he has made those repairs. He stated the City has bent over backwards to give Tatur's plenty of time to obtain permits and make repairs. Wiley asked the Tatur's to consider what is in the best interest of the City, and to get the repairs made promptly if that is what they intend to do. He said he would abstain from voting on this matter.

A motion was made by Sadler, seconded by Schreiber, to not make an offer to Jeff and April Tatur for the purchase of 9 Central Avenue. The motion carried 4-0 (Rebman, Sadler, Schreiber, & Spanier-aye; Lienemann & Wiley abstained).

7. NEW BUSINESS

A. REVIEW FINANCING PLAN FOR CENTRAL AVENUE PROJECT

Withers stated several members of the EDA had requested an overview of the financing plan for the Central Avenue Street & Lighting Project to hopefully dispel rumors.

The project involves complete reconstruction from storefront to storefront. The #1 reason was to upgrade the City's water system. The watermain was increased to 10 inches and water service connections increased to 6 inches. #2 was the hazardous sidewalk conditions. #3 was old, worn-out planters & overgrown trees. #4 was light poles not meeting current needs and inefficiency of light fixtures.

Cost for the Street & Utility portion of the project (watermain, sanitary sewer, storm sewer, concrete street, curb & gutter) is \$2,713,609. Cost of the Streetscape portion of the project (civic plaza, mixed use plantings & landscaping, gateways, irrigations, side street pedestrian lighting) is \$2,502,223.

Forty percent of the Street & Utility portion will be assessed to abutting property owners, with 60 percent assessed to the City. Fifty percent of the Streetscape portion will be assessed to the abutting owners with the other 50 percent assessed to the City.

Funding for the City's portion of the Street & Utility portion is from the following: Water Fund of \$36,000/year; Sanitary Sewer Fund at \$450/year; Storm Sewer Fund of \$44,000/year; TIF 1 & 2 balances in 2012 of \$480,000; Jefferson Hwy Assessments of \$36,000/year; Tax Abatement (TIF 1&2 starting 2013 of \$72,000/year; and Tax Abatement (TIF 2-2) starting in 2014 of \$57,000/year. Assessments are spread over 20 years at six percent interest.

Funding for the City's portion of the Streetscape portion is from the following: Tax Abatement (TIF 1&2) starting in 2013 at \$61,000/year; and Tax Abatement (TIF 2-2) starting in 2014 of \$48,000/year. Tax Abatement is a "use it or lose it" option.

Comparing the existing lighting system for Central Avenue and side streets to the new LED lighting system will save \$17,000-\$19,000 annually in electrical costs. The savings from installation of LED lights in the traffic signal at Central and 3rd Street since July are measurably less.

Assessments to the EDA for EDA-owned property amount to \$20,108 per year. Withers recommends the payment come from the EDA General Fund.

Withers showed photos of a section of the old six-inch watermain removed from Central Avenue. Magnesium and other mineral deposits had reduced the diameter of the pipe substantially. A photo of a section of old ¾-inch water service line into the former Hance Hardware building depicted a very small amount of water flowing through the line.

As of September 28, 2009, the amount paid to Forest Lake Contracting for the basic Central Avenue contract was \$1,566,170. The contractor's bid price was \$4,737,861, including a project contingency of \$150,000. The project is not over budget.

Withers outlined the approved and discussed Addenda to date:

- Addendum #1 was the Conflict w/the Fiber Optic Line at a cost overage of \$26,581. The City is seeking these funds from CenterPoint Energy due to the overage caused by CenterPoint.
- Addendum #2 was Street Light Alterations at a cost overage of \$7,708. This involved additional street lighting in Boerboom Park and a few other areas to improve aesthetics.
- Addendum #3 was Upsize Signals/Replace Switch at 3rd Street and Central Avenue at a cost of \$1,219. In this case, eight-inch lenses were changed to 12-inch lenses.
- Addendum #4 was Alter Existing Roof Drain Chases at a cost underage of \$35,320. Direct connection of roof drains to storm sewer lines eliminated the need for roof drain chases.
- Addendum #5 is the Civic Plaza Engineering & Redesign at a cost overage of \$28,441. This matter was just discussed.
- Addendum #6 was Remove/Relocate Two Hydrants at a cost of \$6,470. One hydrant in front of City Hall was eliminated for the project and another hydrant relocated around the corner for improved aesthetics.
- Addendum #7 was Remove Electric Pole on 1st Street at a cost of \$6,485. This is the elimination of an electric pole at the side of the former Meat Market building owned by Paul Heinen for ADA and aesthetic reasons.
- Addendum #8 is the 3rd Street Electrical Work at a cost of \$28,036. This matter was just discussed.

Wiley asked about the cost to taxpayers for this project. Withers said the City is obligated to pay special assessments for its own property, just like property owners are assessed. Everyone in Osseo "pays for it" as part of their overall property taxes since the funds come from the City General Fund. Central Avenue "belongs" to everyone in Osseo, just as other city streets.

Wiley said this project was needed. He has heard too many “stories” from people about lack of volume of water flow. Wiley commended staff, the engineer Bolton & Menk, and the street project contractor Forest Lake Contracting for doing a good job to keep costs reasonable.

Lienemann said he was glad this project was being done with complete reconstruction of the utilities, rather than how the project was done in 1988. He stated an up tick of business will follow the project completion. Lienemann hoped property owners along Central Avenue would take pride in their buildings with future upgrades.

8. OTHER REPORTS: Executive Director, President, Members

Lienemann said he appreciated the overall Central Avenue Project presentation tonight, and people should not be spreading rumors.

No other reports were offered.

9. ADJOURNMENT

A motion was made by Sadler, seconded by Schreiber, to adjourn at 7:53 p.m. The motion carried 6-0.

Respectfully submitted,

LeAnn Larson
Deputy Clerk