

**OSSEO CITY COUNCIL
REGULAR MEETING MINUTES
February 14, 2011**

1. CALL TO ORDER

Mayor Al Lindquist called the regular meeting of the Osseo City Council to order at 7:00 p.m. on Monday, February 14, 2011.

2. ROLL CALL

Members present: Council members Allan Hartkopf, Duane Poppe, Mark Schulz, Rick Weber, and Mayor Al Lindquist.

Staff present: City Administrator Jeffrey Dahl and City Attorney Loren Magsam.

Others present: John Cochran, Jim Vanderheyden, Ron Barger, James Kelly, Tom Carey, Kevin Rebman, Jim Burgett, Alden Webster, Stephanie Ritter, Kim Riesgraf, Kate Maquire, Susan Hanson, Ramankutty Kannankutty, Brent Lindgren, John Griffith, Craig Twinem, Jeff Holstein, Rebecca Kurtz, Marcus Thomas, and Sarah Rippe.

3. PLEDGE OF ALLEGIANCE

Lindquist led the Pledge of Allegiance.

4. APPROVAL OF AGENDA [Additions - Deletions]

Lindquist asked for additions or deletions to the Agenda.

A motion was made by Schulz, seconded by Hartkopf, to accept the Agenda as presented. The motion carried 5-0.

5. CONSENT AGENDA

- A. Approve City Council Minutes of January 24
- B. Receive EDA Minutes of February 7
- C. Receive January Building Report
- D. Receive Osseo Lions Club December Gambling Report
- E. Approve Sidewalk GIS Inventory by Bolton & Menk

A motion was made by Schulz, seconded by Weber, to approve the Consent Agenda. The motion carried 5-0.

6. MATTERS FROM THE FLOOR

James Kelly, 624 3rd Avenue NE, thanked the Council for appointing him to the Advisory Commission. He has enjoyed his service to the community.

7. SPECIAL BUSINESS

- A. RECEIVE CENTRAL AVENUE PROJECT OF THE YEAR AWARD

Sarah Rippke, Project Engineer with Bolton & Menk, indicated that the City of Osseo has been awarded the Project of the Year for the Central Avenue Improvement Project from the City Engineers Association of Minnesota. She presented the City with a plaque and thanked the City for working with Bolton & Menk throughout the improvement project.

8. PUBLIC HEARINGS – None.

9. OLD BUSINESS

A. ADOPT RESOLUTION AFFIRMING COUNCIL/STAFF RESPONSIBILITIES

Dahl stated this item was tabled at the January 10 Council meeting and discussed by the Council Human Resources Committee. The resolution merely reaffirms the roles and responsibilities of staff and Council and reminds us to work for the best interests of the City while working together in a respectful manner. The Human Resources Committee recommended approval of the resolution.

A motion was made by Hartkopf, seconded by Poppe, to Adopt Resolution No. 2011-7, Affirming Council/Staff Responsibilities. The motion carried 5-0.

B. CONSIDER APPROVAL OF MN/DOT COUNTY ROAD 30/HIGHWAY 169 INTERCHANGE PROJECT (Resolution)

Dahl stated this item was tabled at the January 24 meeting where the Council requested further information about the other alternatives/layouts that were considered for this intersection. Mn/DOT was present this evening to review the interchange options in detail.

John Griffith, Mn/DOT, reviewed the project history and why a full access interchange was not recommended at this time. He stated the original report, reviewing the Highway 169 and County Road 30 Interchange, found that a full access was not feasible. The alignment and close proximity of TH 610 was adding to the safety concerns of a full access interchange. He reviewed a proposed interchange design by an Osseo resident, and stated this option was not viable either, as it did not allow for the 1500 feet of access.

Mr. Griffith then reviewed the access options to County Road 30 from Highway 169. Mn/DOT was proposing access from the South with a folded diamond design. Minimal impacts to Rasmussen College in Brooklyn Park and the cemetery in Osseo were taken into consideration with the proposed design. He explained the minimum design standards for on and off ramps in order to allow safe passage for traffic. Raised ramps were then discussed along with alternative designs. At this time, Mn/DOT did not feel raised ramps were a viable option.

Mr. Griffith indicated Mn/DOT had \$6 million set aside for an overpass at this interchange and Mn/DOT did not have the funds for additional abutments, intersection redesign, and raised ramps. To pursue these options, Mn/DOT would experience great time delays. This was not a cost effective option at this time.

Mr. Griffith explained the County Road 30/Highway 169 intersection functions with full access at this time. It is rated the seventh highest intersection for traffic accidents in the State of Minnesota. Mn/DOT did not feel it was an option to leave the intersection as is. The current situation was a safety concern.

Mr. Griffith stated once the project was completed, Osseo would retain access to and from the south, while removing the existing bottleneck and accident risks. He reviewed the new routes for access to residents in the City of Osseo. MnDOT recognized the need for signage surrounding the Osseo city limits. Typically, MnDOT does not sign for City limits, but would make an exception for this project.

Weber questioned when the bridge on TH610 was originally built. Mr. Griffith stated the bridge was built in 1998. He indicated the original bridge width has been expanded to allow for the future cloverleaf to function properly.

Weber asked if Mn/DOT would post signs from the north for the City of Osseo. Mr. Griffith explained this is being discussed but has not been determined.

Lindquist expressed concern with the bypass of Long Lake and if Osseo would feel similar effects. Mr. Griffith reviewed a packet of information with the Council stating Long Lake did not lose their access but, rather, the expressway was rerouted due to major backups. The project did experience concerns in the interim with access but after completion, access to the community has been restored.

Lindquist indicated Tom Carey, an Osseo resident, presented the City with a petition signed by 39 Osseo business owners expressing concern with the loss of access from Highway 169. Mr. Carey felt the lack of access would choke off the local businesses on the north end of the community.

Tom Carey, 633 3rd Avenue NW, thanked Mn/DOT for the detailed presentation this evening. However, the proposed solution would still negatively impact the City of Osseo, its residents, and businesses. The loss of access would minimize traffic to and through the City. Mr. Carey felt Mn/DOT could compromise and remain flexible with this interchange and allow for additional access as there was no standard road design in the state.

James Kelly, 624 3rd Avenue NE, questioned if engineers looked at the drainage ditch near the cemetery.

Jim Vanderheyden, Osseo resident, represented the seven business owners in the Realife Cooperative building. He requested the Council not approve the Resolution this evening. He suggested the Council seek an alternative solution to meet the access needs of the community.

Lindquist stated he called the offices of Representative Kurt Zeller, Congressman Eric Paulson, and State Senator Warren Limmer. After speaking with their offices, each referred him to John Griffith with Mn/DOT for signage at this intersection. He felt that Mn/DOT has bent over backwards to work with the City on this interchange, while hearing the City's feedback. He said he didn't think the City of Osseo could ask Mn/DOT to create an interchange that does not meet their design standards.

Lindquist indicated Mn/DOT has been accommodating and there were no additional funds available for this project. The City did have the option of going through arbitration, but in his opinion would not bring about any further value to the City of Osseo. Arbitration would also delay the project and put in jeopardy the funds for the project that are available through the City of Brooklyn Park. He recommended the Council proceed with the proposed design layout and continue to work with Mn/DOT on additional signage for the City. He suggested the Council focus its efforts on routing traffic to the community.

Mr. Griffith reiterated that the sign placement would be further discussed before finalized with Mn/DOT. After gaining City of Osseo consent and the final design process was complete, additional sign details would be available. He explained that typically cities are responsible for City signs, but MnDOT would try to cover these expenses through the interchange project. Mr. Griffith did not want to get ahead of the design process and stated further information would be available after the final design process.

Dahl reviewed the proposed Resolution recommending the Council keep the three conditions as is to further leverage with Mn/DOT for the signs directing traffic to Osseo. He explained that if the Resolution were to fail this evening Mn/DOT would likely proceed with arbitration.

A motion was made by Hartkopf, seconded by Lindquist, to adopt Resolution No. 2011-8, Approving the Mn/DOT County Road 30/Highway 169 Interchange Project with the three stated conditions and adding Item D, stating the signs would be at no cost to the City. The motion failed 2 (Hartkopf & Lindquist-aye) to 3 (Weber, Poppe & Schulz-nay).

C. CONSIDER CONDITIONAL USE PERMIT FROM OSSEO ALTERNATIVE LEARNING CENTER (Resolution)

Dahl explained Osseo School District #279 was pursuing an Osseo Alternative Learning Center (OALC) which would be located in the former Osseo Elementary School at 324 6th Avenue NE. The request requires a conditional use permit from the City. He reviewed the existing uses in this area as being predominantly single family and multi-family uses.

Dahl indicated the proposed plan would have approximately 200 high school students occupying the building, not including staff. In addition to the learning center, there would be a 40 student childcare facility. No footprint alterations were proposed for the building. After intense review by the Planning Commission and Staff, it was recommended the Council approve the CUP request to allow for an alternative high school and daycare facility subject to ten conditions. If no action was taken this evening, the application would be automatically approved with no conditions.

Poppe thanked staff for arranging the joint work session with the School District last week as he appreciated the discussion held at that meeting.

Hartkopf agreed with Poppe, stating the meeting was very positive.

Lindquist indicated he received an email from a resident questioning if the OALC could be located in a #287 building or in North View Junior High. Kim Riesgraf, representing Osseo ISD #279, stated the OALC program has explored using a #287 building, but the district wanted to use its own building. She understood that North View Junior High enrollment has declined, but the OALC program required its own facility and would not mix well with a junior high situation.

A motion was made by Hartkopf, seconded by Poppe, to Adopt Resolution No. 2011-9, Approving the Conditional Use Permit Request from ISD #279, to allow for an Alternative Learning Center and Daycare at 324 6th Avenue NE. The motion failed 2 (Hartkopf & Lindquist-aye) to 3 (Weber, Poppe & Schulz-nay).

Dahl indicated the Council could still approve an amended Resolution this evening or explain reasons for denial.

City Attorney Loren Magsam explained the Resolution presented this evening has failed to be approved and this action will be seen as a denial for a conditional use permit. The State requires that the Council identify reasons for this denial, with written findings of fact. These findings of fact would be passed along to the applicant.

Lindquist questioned what ramifications the school board had for this denial, as they appear to have met all the City's requirements in the ordinance. City Attorney Magsam stated the application was complete and all necessary information has been provided to the City. The Council would need to explain how the application does not meet the City's Ordinance.

City Attorney Magsam indicated the next step for the Council would be to evaluate the six conditional use permit standards to create findings of fact for denial that would be presented to the school district.

Poppe stated the application did not meet Section 153.151(D)(1)(a), stating the use would be detrimental to the comfort of the residents surrounding this use. Likewise in 153.151(D)(1)(b), he felt the adjacent property values would be diminished in the neighborhood with the proposed use as an alternative school.

Schulz and Weber agreed with Poppe's statements.

City Attorney Magsam stated the next step would be to state the specific facts that support these determinations.

Weber expressed concern with the safety and welfare of the residents surrounding the proposed use. He questioned how the district was addressing this issue.

Schulz agreed adding the residents living in the direct vicinity to the proposed use would have the comfort of their neighborhood compromised. For the second condition, he stated he spoke with the Hennepin County Assessor's office and the proposed use would affect property values, due to the change of school use in this facility.

Lindquist questioned how the Council would address the safety and comfort of the people in this neighborhood. City Attorney Magsam stated the more specific the findings of fact were, the greater weight they would have. If the City could not defend its decision, the school district could have the decision reviewed in Court to determine if the Council had acted arbitrarily or capriciously. It is the responsibility of the Council to find facts to support their decision this evening.

Poppe stated comfort and general welfare would be compromised with students hanging out on the streets in the neighborhood before school.

Weber indicated safety would be in question with increased traffic in and through the neighborhood.

Lindquist questioned if the traffic would be different with the OALC than when it was an elementary school.

Weber stated senior high students would drive to the location and would be able to leave the site, which differed from the traffic at an elementary school.

Schulz reiterated that the comfort level of the residents in this area would be in question if the program were to locate at the former Osseo Elementary site.

Poppe explained the comprehensive plan did state the City was to provide for all education levels within the City. The proposed use would not allow the City to accommodate that goal. The Council was to look out for the best interests of the City and not the school district.

City Attorney Magsam reviewed the Findings of Fact to be:

1. Students loitering, smoking, etc., at existing OALC location;
2. Increased traffic (buses and student driving);
3. Residents communicated opposition of use that would reduce comfort;
4. Conflict with Comprehensive Plan to have educational opportunities for all ages within the City; and
5. Conversations with Hennepin County Assessor that nature of the school impacts normalizing of property values. An elementary school has less impact than a high school.

Dahl typed up the findings of fact with the two Conditional Use Permit conditions that were in violation and presented the information to the Council. He stated the Council could make a motion to deny the ISD #279 Conditional Use Permit application, which would allow for the Osseo Alternative Learning Center and Daycare at 326 Sixth Avenue NE, based on the fact the applicant has failed to meet the following two general standards:

- 1) The establishment, maintenance, or operation of the conditional use will not be detrimental to or endanger the public health, safety, comfort, or general welfare; and
- 2) The conditional use will not be injurious to the use and enjoyment of other property in the immediate vicinity for the purpose already permitted, nor substantially diminish and impair property values within the neighborhood.

Lindquist questioned how this matter would proceed if the conditional use permit were denied. City Attorney Magsam stated the School District could take the City to court to have the action further reviewed.

A motion was made by Poppe, seconded by Schulz, to deny the ISD #279 Conditional Use Permit application, which would allow for the Osseo Alternative Learning Center (OALC) and Daycare at 326 Sixth Avenue NE, based on the fact the applicant has failed to meet the following two general standards:

- 1.) The establishment, maintenance, or operation of the conditional use will not be detrimental to or endanger the public health, safety, comfort, or general welfare; and**
- 2.) The conditional use will not be injurious to the use and enjoyment of other property in the immediate vicinity for the purpose already permitted, nor substantially diminish and impair property values within the neighborhood.**

In addition, the Council approved the following Findings of Fact:

- 1.) Students loitering, smoking, etc., at existing OALC location;**
- 2.) Increased traffic (buses and students driving);**

- 3.) Residents communicated opposition of use that would reduce comfort;
- 4.) Conflict with Comprehensive Plan to have educational opportunities for all ages within the City; and,
- 5.) Conversations with Hennepin County Assessor that nature of a school impacts normalizing of property values. An elementary school has less impact than a high school.

The motion carried 3 (Poppe, Schulz & Weber-aye) to 2 (Hartkopf and Mayor Lindquist-nay).

D. APPROVE CITIZEN APPOINTMENTS FOR 2011 (Resolution)

Dahl indicated in January the Human Resources Committee met to interview several people interested in serving on the EDA and Planning Commission to help make a recommendation to the Council for these appointments.

Lindquist thanked all those interested in serving on the EDA and Planning Commission. He noted he spoke with several individuals interested in serving on the Heritage Preservation Commission. Bill Sadler, Clair Coughlin, Pauline Coughlin, Linda Rau, Carole Larson all had a vested interest in preserving the City of Osseo's rich history.

Dahl questioned which members of the Heritage Preservation Commission would assume the one and three year terms. He recommended Mr. Sadler be an ex-officio member of the Commission. Lindquist then recommended Clair Coughlin, Pauline Coughlin, Linda Rau, and Carole Larson assume the other terms.

Weber thanked the Mayor for finding residents interested in serving on the Heritage Preservation Commission. He then explained the Human Resources Committee recommended Susan Hanson and Alden Webster be appointed to the Planning Commission.

Weber stated the Human Resources Committee recommended appointing Kevin Rebman to the EDA. If anyone were to step down from the EDA, Dan Spanier would be willing to step in to fill the vacancy.

A motion was made by Hartkopf, seconded by Poppe, to Adopt Resolution No. 2011-10, Approving the Citizen Appointments for 2011. The motion carried 4-1 (Schulz-nay).

10. NEW BUSINESS

A. CONFIRM EDA ACTIONS FROM FEBRUARY 7 MEETING

Kevin Rebman presented the Council with a summary of the actions taken by the EDA at its February 7 meeting. The first item discussed was 533 Central Avenue; however, action was tabled in order to have all members present to vote on this issue. The item will be discussed on March 7.

Mr. Rebman stated the second item discussed by the EDA was to consider a bond refinance by Ehlers & Associates. The refinancing would save the City \$181,000 over its term and the EDA approved the item.

Mr. Rebman said the third item discussed was the consideration of a TIF Analysis by Ehlers & Associates. This analysis would update all of the TIF accounts with the City, which has not been completed since 2005. This item was approved.

Mr. Rebman indicated the fourth item discussed was the Metropolitan Council's Livable Communities Grant Agreement. The EDA accepted the grant, which totaled \$626,000 for the Block 6 redevelopment project. The EDA will now commence the acquisition process and development of an Request For Proposal (RFP).

Mr. Rebman stated the last item discussed was Osseo parking initiatives. The EDA discussed parking problems along Central Avenue and directed staff to determine how much it would cost to install way-finding "Parking" signs in the downtown area.

Weber questioned why the EDA took action on Item 4 when Item 1 was tabled because not all members were present. Mr. Rebman explained that Item 4 was merely accepting the grant and did not take any further action on how the funds would be spent.

Schulz asked that the EDA make a decision on the property at 533 Central Avenue as this item has been up in the air for the past year.

A motion was made by Poppe, seconded by Schulz, to confirm the actions taken by the EDA at its February 7 meeting. The motion carried 5-0.

B. CONSIDER BOND REFINANCE FROM EHLERS & ASSOCIATES

Dahl indicated Rebecca Kurtz was present to provide the Council with information on a General Obligation Bond Refinance.

Rebecca Kurtz, financial advisor with Ehlers & Associates, requested the Council consider calling for the sale of \$1,720,000 General Obligation Tax Increment Refunding Bonds. These bonds would refund the 2001A Bonds, which were issued to finance various public improvements in TIF District No. 2-4 (the Bell Tower TIF District). Based on current interest rates, the City would save approximately \$181,000 after all fees and expenses were paid. The bonds would have an 11 year term and would mature in 2022. The proposed sale date would be March 14. Staff recommended the refinancing as presented.

A motion was made by Schulz, seconded by Poppe, to Adopt Resolution No. 2011-11, Approving the Refinance and Sale of \$1,720,000 General Obligation Tax Increment Refunding Bonds, reflecting the sale date of March 14. The motion carried 5-0.

C. CONSIDER STEP INCREASE FOR PUBLIC SERVICES DIRECTOR RANDY KORFIATIS

Dahl explained the Human Resources Committee met in January and agreed with Staff's comments on the evaluation of Public Services Director Korfiatis. However, there was not consensus on whether the positive evaluation warranted a step increase. He indicated this issue may need to be further discussed by the Council.

Schulz recommended the step increase be suspended until the Council could further discuss the pay increase procedures.

Lindquist felt the compensation study of 2001 would be a valuable tool for the Council to review. This document would explain what pay grades were laid out based on time and not merit for Mr. Korfiatis. He encouraged the Council to approve the step increase based on Mr. Korfiatis' dedication and service to the community. Lindquist felt this could become a morale issue, if not approved.

Weber did not feel it was in the City's best interest to approve a step increase when the League of Minnesota Cities is predicting further cuts. He encouraged the Council to be prudent with the City's resources.

Hartkopf recommended the motion be split into two action items, to suspend the pay increase and then to review the pay schedule.

Lindquist questioned if the budget reflected this pay increase. Dahl stated the 2011 budget did include step increases.

Lindquist requested the Council approve the step increase. The Council could review the pay schedule further, but felt the current increase was warranted.

Weber expressed concern that the City could not continue to approve increases when future cuts were going to take place. He suggested the Council be prudent with increased spending.

Lindquist stated the City agreed to pay this increase over Korfiatis' career based on time and grade. He questioned if Mr. Korfiatis was given an explanation of step increases when he was hired. Dahl stated he was not responsible for this action when Mr. Korfiatis was hired, but believes this has been the standard practice. He indicated the policy was not referred to in the personnel manual but has been the protocol for at least the past five years.

Dahl noted that a cost of living adjustment has not been approved for city employees for the past three years.

Poppe understood all sides of this argument and felt the Council needed to review the issue further before making a determination. He stated this was a difficult situation and further step increases were going to come before the Council this year.

Dahl indicated the salary schedule would be reviewed by staff and the Human Resources Committee.

A motion was made by Weber, seconded by Schulz, to accept the performance evaluation of Public Services Director Randy Korfiatis, but suspending all step increases until a time when Council and staff review the salary schedule. The motion carried 3 (Poppe, Schulz & Weber-aye) to 2 (Hartkopf and Mayor Lindquist-nay).

D. APPROVE ACCOUNTS PAYABLE

Dahl reviewed the Accounts Payable with the Council.

A motion was made by Hartkopf, seconded by Schulz, to approve the corrected Accounts Payable as presented (Listing 021411AP, run 02/14/11 at 1:01 PM for \$157,821.81). The motion carried 5-0.

11. ADMINISTRATOR-CLERK-TREASURER'S REPORT

Dahl updated the Council on the Police Building Relocation Committee. He stated Poppe and Weber were serving on this committee in addition to several EDA members and staff. The Committee had recommended the services of a consultant to advise the City on what type of site the City needed. A consultant was hired late 2010 and several meetings have been held, and further analysis will come before the Council in the near future.

Dahl indicated the Capital Improvements Plan and Financial Management Plans were both being worked on at this time by financial consultants Ehlers & Associates and engineering consultants Bolton & Menk. It was recommended that both of these Plans be brought to a future public meeting for further discussion before being approved by the Council.

Dahl stated a strategic planning session was being planned for early March. He indicated he would be in touch with the Council to arrange a date. Dahl noted the EDA would move forward with the Iten building and a public discussion would be held in March to gain further input.

12. COUNCIL AND ATTORNEY REPORTS

Weber wished his wife a Happy Valentine's Day.

Schulz noted he would be meeting with Representative Kurt Zellers and Senator Warren Limmer this Thursday. He stated any pertinent issues the Council may have could be passed along to staff, which would then be forwarded to him. Weber would be in attendance, as well.

Hartkopf stated he recently attended an Ehlers Tax Increment Financing seminar addressing public finance issues. He recommended the seminar to the entire Council. Hartkopf explained he would be attending an upcoming seminar by the League of Minnesota Cities at the Earle Brown Center on February 25-26, 2011. This was the Newly Elected Officials Conference.

Lindquist noted there was a ribbon cutting ceremony for Comfort Keepers, at 535 Central Avenue, on Wednesday, February 16, at 11:00 a.m. All were encouraged to attend. He noted Rasmussen College would be holding a career/networking fair on February 17 from 3:00-5:00 p.m.

13. ADJOURNMENT

A motion was made by Poppe, seconded by Schulz, to adjourn the City Council meeting at 10:27 p.m. The motion carried 5-0.

Respectfully submitted,

TimeSaver Off Site Secretarial Services, Inc.