

**OSSEO CITY COUNCIL
REGULAR MEETING MINUTES
March 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, March 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: Rebecca Kurtz, Marcus Thomas, Annie Rexine, Scott Regan, Matt Regan, Alicia Miller, Ron Barger, Tom Carey, and James Kelly.

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 February 28
- B. Receive February Building Report
- C. Receive February Police Report

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

6. MATTERS FROM THE FLOOR

Scott Regan, Maple Grove resident, provided the Council with information on the Celtic Crossing project. He indicated the last two buildings within the development would be changing direction to provide the area with assisted living units and memory care. Mr. Regan further reviewed the layout of the buildings in detail and stated 70 jobs would be added to the community. Regan stated he would be seeking to have bonds issued by the city to finance the project.

Weber questioned how this development would begin with the City. Dahl explained that first they would need to meet with staff. If there are site plan amendments, it would have to go through the Planning Commission. If there are any amendments to the Developers Agreement, it would have to go through the EDA.

7. SPECIAL BUSINESS

A. ADOPT RESOLUTION OF SUPPORT FOR CRYSTAL LAKE REGIONAL TRAIL MASTER PLAN

Dahl indicated Council was being asked to adopt a resolution of support for the Crystal Lake Regional Trail Master Plan. He reviewed the trail details further and noted the trail would run parallel to County Road 81 when reconstructed in the future.

Annie Rexine, Three Rivers Park District, thanked the Council for the opportunity to review the Master Plan this evening. She noted if the Council was supportive of the plan it would be passed along to the Met Council for final approval. Approval from Met Council would allow the trail to qualify for federal or local grants. Ms. Rexine indicated the trail connection would provide an 11 mile trail through five communities.

Ms. Rexine indicated two public open houses had been held to gather community input. An additional meeting would be held in April. She stated the trail section would be ten feet in width for walking, biking, and running, with two-direction traffic. Ms. Rexine reviewed the guiding principles for the route alignment and asked for comments or questions from the Council.

Schulz asked if the Council could receive an electronic copy of the presentation. Ms. Rexine noted this would be on the City's website by the end of the week.

Schulz questioned how pedestrians would cross Highway 81. Ms. Rexine noted trail traffic would cross at 85th Avenue.

Weber inquired how the trail would be funded. Ms. Rexine stated this would be a cost sharing venture between the Three Rivers Park District and Hennepin County.

Schulz asked if the City would be responsible for keeping the trail clear through the winter months. Ms. Rexine noted this would be left up to the City and if they wished to incur the expense. Dahl added that the City would reduce expenses by not maintaining this area in the summertime since Three Rivers Park District would be maintaining it.

A motion was made by Hartkopf, seconded by Poppe, to Adopt Resolution No. 2011-13 Supporting the Crystal Lake Regional Trail Master Plan. The motion carried 4-1 (Weber-nay).

8. PUBLIC HEARINGS – None.

9. OLD BUSINESS

A. ADOPT RESOLUTION PROVIDING FOR THE SALE OF \$1,710,000 GENERAL OBLIGATION TAX INCREMENT REFUNDING BONDS, SERIES 2011A

Dahl noted Rebecca Kurtz was present to review the bond sales information in further detail.

Rebecca Kurtz, Ehlers & Associates, stated the refunding bonds discussed last month were continuing to be monitored and rates were continuing to be low. She recommended the Council proceed with the refunding with the date for sale on April 11, 2011.

Poppe requested further information on the refunding and its benefits to the City. Ms. Kurtz explained the bonds had a callable date of August 1, 2011, and 90 days prior to that the City could refinance the outstanding balance. The refinancing would create a refund to the City due to lower interest rates. She noted the bonds would mature in 2020.

Weber questioned the total savings the City would see through this bond refunding. Ms. Kurtz estimated this to be \$150,000.

A motion was made by Poppe, seconded by Schulz, to Adopt Resolution No. 2011-14 Approving the Sale of \$1,710,000 General Obligation Tax Increment Refunding Bonds, Series 2011A. The motion carried 5-0.

B. CONSIDER 2011 UTILITY RATE INCREASE

Dahl explained the 2011 Utility Rate Increases were tabled in January as a result of the pending Capital Improvement and Financial Planning processes that were underway. Staff met with the Budget and Finance Committee and has a better understanding of the additional revenues needed from utilities in order to pay for future infrastructure projects. The needed increase is significant; approximately 30% for water and, as such, staff is recommending the increases be spread over the next two years. He indicated Marcus Thomas, City Engineer with Bolton & Menk, was present to provide the Council with further information.

Marcus Thomas, Bolton & Menk, reviewed his utility rate analysis with the Council. The City's goal for the water, sanitary sewer, and storm sewer funds were to be self-sufficient. Each of these funds should be reviewed on an annual basis and adjustments made when necessary.

Mr. Thomas noted historic annual rate increases have been low. He indicated the numbers from the 2010 study led Staff to make several recommendations to assure that City infrastructure and long term financial goals are being met. Mr. Thomas explained the water fund currently generates \$310,000 per year with estimated expenses in 2011 to be \$398,600. He recommended that water rates increase 30% or \$7.81 per month. The City could choose to spread this increase over two years implementing a 15% increase in 2011 and again in 2012. He then reviewed a rate adjusted Water Fund table.

Mr. Thomas indicated the Sanitary Sewer Fund generated \$350,000 per year for the City of Osseo. The 2011 expenditure estimate was \$411,900. He recommended the sanitary rates maintain the \$45 per quarter Base Charge and increase the usage rate by \$1.90 to \$8.65 per 1,000 gallons over the first 15,000. The adjustment would affect residential users by approximate \$3.17 per month. This increase could also be implemented over two years.

Mr. Thomas explained the Storm Water Fund operated differently than the Sanitary or Water Funds. He noted the Storm Water Fund has a current rate schedule of \$3.00 per Residential Equivalency Factor (REF) per month. Each residential property less than .5 acre was assigned this \$3.00 per month fee. Higher REF assignments are given to commercial, multi-residential, and industrial properties, or those properties larger than .5 acre.

Mr. Thomas stated the entire City generates 1,443 REF's which generates \$51,948 per year. These funds are used for storm sewer maintenance and repairs, along with storm

water runoff quality improvement efforts such as street sweeping. He estimated the expenses for the storm sewer fund to be \$179,848 for 2011. Mr. Thomas recommended that REF rates be increased from \$3.00 to \$10.50 per REF per month. The adjustment net effect to a typical residential property would be \$7.50 per month and this could be implemented over two years.

Mr. Thomas reviewed his summary of recommendations and stated the goal would be to assist the City in covering all expenses through revenues generated. He noted rates could be reviewed at the end of 2011 to assure that goals were being met. He then asked for questions or comments from the Council.

Weber questioned when the last water rate increase was implemented. Mr. Thomas stated the last increase took place in 2008.

Weber noted no one on the Council wanted to raise rates, but the City was in disrepair and action had to be taken to assure that proper maintenance could be completed for all City streets and sewer lines. He recommended the increase be implemented over the next two years.

Hartkopf agreed that the increase be spread over two years to reduce the impact on the residents.

Lindquist noted the last increase, done in 2008, was not significant enough to cover the City's expenses. He also suggested the rate increase be spread out over the next two years to ease the burden on the residents. The next step for the Council would be to take action on the Resolutions.

Weber stated he did not want to give the residents false hope and stated 2011 water rates would increase 15%. At year end, the Council would need to further evaluate these rates before setting the 2012 rate.

Schulz indicated the investment made into these funds over time would benefit residents in the long run as the City would be able to make necessary investments into maintenance and repair. He expressed concern in raising rates and how this would affect the local businesses.

Schulz requested that the management of these funds be further investigated to assure that the City is drawing additional interest on the surplus. Ms. Kurtz noted there were regulations on the management of these funds and this would have to remain liquid if an emergency were to occur.

Lindquist felt it would be irresponsible for the Council to not pass these increases as the additional revenues generated would assist the City in future infrastructure investments.

Weber thanked Mr. Thomas for his extensive report and presentation this evening.

A motion was made by Poppe, seconded by Weber, to Adopt Resolution No. 2011-15 Setting the 2011 Water User Fee implementing Phase I of the increase. The motion carried 5-0.

A motion was made by Poppe, seconded by Hartkopf, to Adopt Resolution No. 2011-16 Setting the 2011 Sanitary Sewer Fee. The motion carried 5-0.

A motion was made by Poppe, seconded by Weber, to Adopt Resolution No. 2011-17 Setting the 2011 Storm Sewer Fee increasing each REF to \$6.75 per month. The motion carried 5-0.

10. NEW BUSINESS

A. CONFIRM EDA ACTIONS FROM MARCH 7 MEETING

Dahl reviewed the actions taken by the EDA on March 7. The first item discussed was the election of officers for 2011. Kevin Rebman was elected President and Will Lienemann was named Vice President.

Dahl indicated the next item discussed by the EDA was the Iten Building. Two potential options are being discussed, one to demolish the building and create a parking lot. The other option would be to renovate the building. After much discussion, the EDA directed staff to draft a solicitation of interest in order to sell the building "as is". The City has received a letter of interest to purchase the property which will be discussed further at the next EDA meeting.

Dahl noted the EDA tabled discussion on 533 Central Avenue. The EDA did talk in detail about downtown parking signage and striping. The EDA directed staff to draft a more detailed parking plan and to estimate the expense for the City Engineer to provide an on-street parking plan in the Central Business District.

Dahl stated a Block 6 Project update was given to the EDA. The EDA needed to review an appraisal and staff would continue to work on the RFP. Lastly, the EDA discussed the Discover Osseo photo contest and recommended a Second Annual Contest be held until the beginning of 2012 in order to attract more diverse photos of the community.

Lindquist questioned how the photos from the 2010 contest were used. Dahl noted the photos were placed on the City's website and other marketing materials.

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

B. CONSIDER FIRST READING OF AMENDMENT TO CHAPTER 115 OF CITY CODE

Dahl noted back in January the Council approved a Conditional Use Permit subject to nine conditions of approval to allow for a pawn broker business at 409 County Road 81. Condition #4 reads: "City Code Chapter 115, Pawnbrokers and Secondhand Goods Dealers, and City Fee Schedule shall be amended with all applicable updates prior to issuance of licenses". Dahl reviewed the recommended changes to Chapter 115 of the City Code with the Council.

A motion was made by Poppe, seconded by Weber, to approve the First Reading of Amendments to Chapter 115 of City Code. The motion carried 5-0.

C. DISCUSS GRANTS/DONATIONS RECOGNITION PROCESS

Dahl stated at the last Council meeting there was discussion about how the City recognizes its grants and donations. Council directed staff to review this issue and report back. He noted each donation is approved by the Council under the Consent Agenda or

under Special Business. Staff stated the Council can work to summarize each donation appropriately to assure that proper thanks is given.

Poppe questioned if Staff could create a list of donations made in 2010 to the City. Dahl indicated this information could be gathered and put into the spring "Outlook".

Lindquist thanked Staff for addressing this issue.

Schulz was in favor of an annual recognition of donors and requested that donations also be mentioned monthly at each Council meeting. This would provide further information to the public while recognizing those donating to the City.

Weber agreed with this suggestion.

D. ACCOUNTS PAYABLE

Dahl reviewed the Accounts Payable with the Council in detail.

A motion was made by Schulz, seconded by Poppe, to approve the Accounts Payable (Listing 031411AP, run 3/10/11 12:12 pm, for \$35,318.47) as presented. The motion carried 5-0.

11. ADMINISTRATOR-CLERK-TREASURER'S REPORT

Dahl reminded the Council there would be an Open House on March 28 from 5:00-7:00 p.m. to review the Capital Improvements and Financial Management Plan at the Community Center.

Dahl noted the Planning Commission would meet on March 21 and the Public Safety Advisory Committee would be meeting on March 22.

Dahl encouraged the Council to speak on behalf of the City regarding Local Government Aid at the Capitol on March 16. He noted the devastating impact of the loss of LGA for Osseo could be addressed by City representatives. Dahl noted he would be willing to speak for the City.

12. COUNCIL AND ATTORNEY REPORTS

Weber indicated he attended the Safe and Sober Awareness Banquet with Police Chief Tom Hartkopf and Officer Shane Mikkelson. The City received a \$3,000 grant based on police performance. Weber was proud of the City's police efforts.

13. ADJOURNMENT

A motion was made by Poppe, seconded by Schulz, to adjourn the City Council meeting at 9:01 p.m. The motion carried 5-0.

Respectfully submitted,

TimeSaver Off Site Secretarial Service, Inc.