

**OSSEO ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING MINUTES
February 2, 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, February 2, 2009.

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

Member absent: Dan Sadler.

Staff present: City Administrator Greg Withers, City Attorney Loren Magsam, City Planner Jeffrey Dahl, and Deputy Clerk LeAnn Larson.

Others present: Ron Barger, Ben Knutson, and John Cochran.

2. ELECTION OF OFFICERS

A motion was made by Menth, seconded by Lienemann, to appoint Kevin Rebman as President of the EDA. The motion carried 6-0.

A motion was made by Wiley, seconded by Schreiber, to appoint Will Lienemann as Vice President of the EDA. The motion carried 6-0.

A motion was made by Menth, seconded by Spanier, to appoint Ken Schreiber as Treasurer of the EDA. The motion carried 6-0.

A motion was made by Rebman, seconded by Menth, to appoint Greg Withers as Assistant Treasurer of the EDA. The motion carried 6-0.

A motion was made by Rebman, seconded by Wiley, to appoint LeAnn Larson as Secretary of the EDA. The motion carried 6-0.

3. APPROVAL OF AGENDA

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

4. APPROVAL OF MINUTES – January 5, 2009, regular meeting

A motion was made by Menth, seconded by Lienemann, to approve the minutes of the January 5, 2009, meeting as presented. The motion carried 6-0.

5. MATTERS FROM THE FLOOR – None.

6. ACCOUNTS PAYABLE

Wiley said he would abstain from this vote since there was an invoice payable to Wiley Enterprises.

A motion was made by Menth, seconded by Schreiber, to approve the Accounts Payable (Listing Feb09EDA, run 1/27/09 1:02 pm, in the amount of \$109,708.73). The motion carried 5-0 (Wiley abstained).

7. OLD BUSINESS

A. WI-FI BUSINESS REPORT

Withers stated the Wireless Internet is operating as an enterprise fund. Quarterly reports come from Unplugged Cities along with a check. However, he stated it appears there could be questions in relation to the amount that is being paid to the City from Unplugged Cities and what invoices are routinely paid by the City for the wireless internet service. Without further documentation and auditing of Unplugged records relating to Osseo's wireless internet system, it is impossible to determine if all expenses and revenues are properly accounted for. Withers said he was unsure how to quantify some of the language in the original agreement between the EDA and Unplugged Cities. City staff is unsure how to proceed. He stated an auditor could help determine the City's stake in this endeavor.

Payments for all internet expenses by the City are about \$85,000. However, that includes some of the inventory that will eventually be sold to the consumers.

Menth said he thought the overall wireless internet would cost the City about \$45,000.

Rebman noted a few extra costs associated with the Osseo United Methodist site and a repair last winter to a broken internet line at City Hall.

Wiley said it seemed there may be operating costs and capital outlay costs mixed together. Rebman agreed with this statement.

Schreiber said he thought more marketing would have been done by Unplugged Cities in relation to this project. He said this was a good opportunity for wireless service because of good prices. Schreiber said the wireless internet should help residents and businesses.

Rebman said he and Chad Pederson, on behalf of Unplugged Cities, went around to many of the businesses in Osseo last week with literature.

Withers noted in the original proposal a goal of 25% of possible household users by the end of the first year of operation. We have just ended the first year of operation but only have about 13% of household subscribers. The original goal of 10% for business subscribers is actually about 3%. Goals certainly outpace the actual subscriber numbers. Therefore, revenue is not meeting the expectations for Return on Investment.

Lienemann also said more marketing should be done by Unplugged Cities.

Spanier asked how the monthly rates were set. Rebman said the rates were set in the original agreement and were competitive then. He said he thinks the rates are still quite competitive.

Withers said he would garner additional information for a more complete report at the next EDA meeting.

B. APPROVE REVISED ARCHITECTURAL DESIGN GUIDELINES

Withers stated he and City Planner Jeffrey Dahl had revised the Architectural Design Guidelines (ADG) Financial Assistance Grant Program information to reflect some of the discussion from the last EDA meeting. The program and application process are outlined, as are restrictions, the reimbursement process, and the applicant checklist.

Withers said one point he added was about energy reduction or energy savings. He thought this was an important part of any project and should be required for the program.

Wiley said he agreed the energy component was important.

Rebman asked about the wording in #4. He asked if the EDA could deny a project even if all requirements of the ADG program had been adhered to. Withers said no development should go against the ADG program, and meeting the requirements of the ADG program does not guarantee that a project is approved by the EDA.

A motion was made by Wiley, seconded by Lienemann, to accept the Architectural Design Guidelines (ADG) Financial Assistance Grant Program as presented. The motion carried 6-0.

8. NEW BUSINESS

A. CONSIDER CONCEPT PLAN FOR BLOCK 22 (RESTAURANT DEVELOPMENT)

Withers presented a concept plan for a diner to be located on a portion of Block 22, the former site of the Odd Fellows building and the Eggan house. He noted the applicant, Ben Knutson, was present to answer questions. Withers stated Knutson wanted to purchase EDA-owned property on the corner of 1st Avenue and 2nd Street NW in order to construct a 1950's style diner and parking lot. The EDA had purchased these two lots in anticipation of an earlier redevelopment project that did not materialize. An optimal redevelopment plan would include the property to the east of the lots and incorporate a larger development on the block.

Withers stated that if the EDA were approve the concept and direct staff to enter into negotiations with Ben Knutson for the sale of the EDA land for use as a diner, certain steps should be implemented. They are: require a \$10,000 deposit to be used for City expenses related to the development (attorney, engineering/surveying, financial consultant fees, etc.); negotiate using the City's Development Agreement Template; return to the EDA for approval of the Agreement; have the site plan and zoning requirements reviewed and recommended by the Planning Commission and approved by the Council; complete necessary actions to finalize the sale of the land.

Menth said he liked the idea of a 50's style diner, but wondered about Rauch having access to a door of his building, abutting the proposed parking lot for the restaurant.

City Planner Jeffrey Dahl stated his proposed parking plan included the municipal parking lot to the south and a reconfiguration of the entire parking area. He said access to an adjacent property would not be compromised by new development. Dahl said this restaurant proposal would fit within the Redevelopment Master Plan.

Schreiber wondered if Rauch would be willing to sell his land.

Wiley stated he didn't want this proposal to get "bogged down" like a previous redevelopment option involving Rauch.

Rebman asked if the plan could work without the Rauch property. Dahl said yes, but the number of parking stalls would be fewer than the larger plan.

Withers suggested implementation of a new municipal parking system. This proposed parking plan is as follows:

- No “new” private parking in the Central Business District (CBD)
- City will provide all parking “required”
- Costs would be charged to the benefiting property owners
- Inventory of all CBD property

Wiley asked how this would recognize existing businesses that have already paid or currently pay for parking downtown. Withers said the City would end up purchasing the privately owned parking lots and the owner get credit to offset a parking assessment.

Ben Knutson presented his plan for an old-fashioned dining car restaurant called Marmalades. The exterior of the structure would be mirror-polished stainless steel with traditional Osseo High School Oriole’s color theme. The diner is a 26 foot x 60 foot modular structure, with two patio areas along the front door entry on 1st Avenue NW. Knutson does not want the Rauch property, but wants to buy the two lots only from the EDA for \$1 each and put the diner and one-way in and out parking on the property. If the restaurant business would not work out, he can “pick the building up” and move it to another site. Knutson said he is not looking for additional assistance beyond the purchase price of the lots for his development. He said the diner would be ready to go after only 120 days upon approval of the plan. Hours of operation would be 6 a.m. to 2 p.m.

Spanier asked what was involved in selling EDA-owned land. City Attorney Loren Magsam said a public hearing is required in order to sell EDA land. He suggested the public hearing be called only after negotiations have been worked out.

A motion was made by Lienemann, seconded by Menth, to direct staff to enter into negotiations with Ben Knutson for the sale of EDA land for use as a restaurant development on Block 22. The motion carried 6-0.

9. OTHER REPORTS: Executive Director, President, Members

City Attorney Loren Magsam stated the property in foreclosure located at 513 1st Avenue NW is now owned by the lender. The City lost the \$50,000 second mortgage that was on the property.

Spanier said he hopes negotiations move quickly on the proposed restaurant development.

Wiley said he was glad to see a potential investment in the Central Business District.

Menth said he liked the idea of a diner.

Schreiber said he didn’t like the EDA losing the \$50,000 second mortgage on the foreclosed home. He wondered if the City could buy the property cheap and make up some of the loss. Schreiber said he liked the diner idea.

Lienemann had no report.

Rebman welcomed new Council member appointees to the EDA—Steve Menth and Ken Schreiber.

10. ADJOURNMENT

A motion was made by Menth, seconded by Wiley, to adjourn at 8:23 p.m. The motion carried 6-0.

Respectfully submitted,

LeAnn Larson
Deputy Clerk