

**OSSEO CITY COUNCIL
REGULAR MEETING MINUTES
APRIL 13, 2009**

1. CALL TO ORDER

Mayor John Hall called the regular meeting of the Osseo City Council to order at 7:05 p.m. on Monday, April 13, 2009.

2. ROLL CALL

Members present: Council members Brian Kleven, Steve Menth, Steve Parks, Ken Schreiber, and Mayor John Hall.

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

Others present: Rebecca Kurtz-Ehlers & Associates, John Cochran, Alicia Miller, Martin Duffy, Tim Lindholm, Mike Phenow, and Ron Barger.

3. PLEDGE OF ALLEGIANCE

Hall led the Pledge of Allegiance.

4. APPROVAL OF AGENDA [Additions - Deletions]

Hall asked for additions or deletions to the Agenda.

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

5. CONSENT AGENDA

- a. Approve City Council Minutes of March 23
- b. Receive March Building Report
- c. Receive March Fire Report
- d. Receive March Police Report
- e. Approve Duffy's Bar & Grill outdoor event on June 20
- f. Approve (retroactively) Lions Club Pancake Breakfast sign on Co Rd 81
- g. Approve Accounts Payable (Listing 041309AP, dated 4/9/09, 11:45 AM, for \$243,856.41)

Schreiber removed item 5.a. from the Consent Agenda.

A motion was made by Menth, seconded by Kleven, to approve the Consent Agenda as amended. The motion carried 5-0.

5.a. Schreiber made a correction to the minutes. Brian Hansen, not Brad Hansen, was in attendance and spoke at the March 23 meeting.

A motion was made by Schreiber, seconded by Menth, to approve item 5.a. Approve City Council Minutes of March 23 as corrected. The motion carried 5-0.

6. MATTERS FROM THE FLOOR – None.
7. SPECIAL BUSINESS – None.
8. PUBLIC HEARINGS – None.
9. OLD BUSINESS
 - a. CONSIDER CONDITIONAL USE PERMIT REQUEST FROM LILLY’S CAFE & WINE BAR TO ALLOW FOR ON-SALE INTOXICATING LIQUOR SALES AT 33 2ND STREET NW (Resolution)

City Planner Jeffrey Dahl stated this item had been tabled from the March 9 Council meeting. He stated the applicant, Kristen Spangler, had indicated she would be present at tonight’s Council meeting for this item. The Council decided to discuss this item when the applicant arrived at the meeting.

(Council business proceeded with the next items. See discussion on item later in these minutes.)

- b. REMINDER OF OPEN BOOK MEETING ON TUESDAY, APRIL 21, AT CITY HALL, 5:00-6:30 P.M.

Hall read information from the Hennepin County Assessor Department. The 2009 Osseo Open Book Meeting is scheduled for Tuesday, April 21, 2009, from 5:00-6:30 p.m.

Annual Revaluation, Sales, and New Construction Reviews

Each year, one fifth of the properties in the city of Osseo are reviewed and records are updated. The viewing, review, and statistical analysis of all sales that sold between October 1, 2007, and September 30, 2008, in the city were made. Additionally, 112 building permits were reviewed. Adjustments to all commercial and industrial properties are based on market and income valuation procedures.

Summary of the 2009 Assessment

Each year the estimated market values are analyzed along with sales data from the market. A recalculation of land and building values were made to all property types. The results of the adjustments for the following property types are:

Residential	-4.5%
Commercial/Industrial	-3.6%
Apartments	-1.2%
Duplex	-4.8%
Townhouses	-11.5%
Zero Lot Line	-9.8%
Condos	-9.4%

There are 919 taxable parcels in the city with a total market value of approximately \$240,304,500. This value includes \$3,509,500 in new construction improvements. The overall gross value decrease for all property types including improvements in the city is -2.7%.

The Open Book Process

The Open Book Meeting is a review process that allows the property owner to talk directly with the city assessor about his or her concerns regarding the valuation or classification of the property in question. The Open Book Meeting allows the property owner to ask the assessor, one on one, questions that he or she might feel afraid to ask in front of an official city Board of Appeal meeting. Like all other notification processes, the Open Book Meeting dates are published and Value Notices are mailed at the beginning of March. Taxpayers with value or classification concerns should contact the assessor's office. During the initial conversation, the property owner may discuss their concerns and review sales information with an appraiser. If additional attention is necessary the appraiser will review the property. If the property owner wishes to come to the Open Book Meeting, they may do so at that time. The property owner may also appeal to the County Board if they are unsatisfied with their value. The County Board of Appeal and Equalization will begin meeting on June 15, 2009. All requests for appointments at the County Board must be received before June 3, 2009. To make an appointment, taxpayers should call 612-348-7050. If you have any questions or concerns, please contact Kari Kamrath, Hennepin County Appraiser, at 612-803-0860.

10. NEW BUSINESS

a. CONFIRM EDA ACTIONS OF APRIL 6

Withers stated the EDA took no formal action at the April 6 meeting but discussed potential redevelopment sites near Premier Wines along Co Rd 81, Osseo Express at 501 Central Avenue, the 3rd Street NW gateway extension, and the townhome project being put on hold until the housing market improves.

A motion was made by Menth, seconded by Schreiber, to confirm that no formal action was taken at the April 6 meeting but potential redevelopment sites were discussed. The motion carried 5-0.

b. CENTRAL AVENUE PROJECT

i. CONSIDER RESOLUTION TO CALL FOR PUBLIC HEARING TO ADOPT TAX ABATEMENT PROGRAM (Resolution)

Withers stated dollars for which the City is responsible for the Central Avenue Improvement Project come from utility funds, Jefferson Hwy assessments, TIF districts 1 & 2 balances, TIF districts 1 & 2 and 2-2 tax abatement, and the General Funds of the City and the EDA, over a 20 year period. Money from these funds will be used to make debt service payments on bonds sold to actually finance the Project.

The only way to know exactly how much the project will cost property owners and the City is to get construction bids and sell bonds in the marketplace. The project is currently out for construction bids, which are due on Tuesday, April 21. The Council will receive a recommendation from the Project Team at the April 27 Council Meeting.

The next steps are to advertise the bond sale and then advertise a public hearing to abate the taxes from the TIF districts. Rebecca Kurtz has prepared documents for tonight's meeting:

- Resolution calling for a public hearing for the tax abatement
- Schedule for the bond sale and tax abatement project
- Pre-sale report and resolution calling for a bond sale
- Cash flow for the Improvement Bonds

Schedule of Events for Establishing Tax Abatement to Fund a Portion of the Central Avenue Improvement Project & Issue \$5,325,000 General Obligation Improvement Bonds

- April 13, 2009- City Council calls for a public hearing for the abatement for the Central Avenue Improvement Project
- April 13, 2009 - City Council adopts a resolution calling for the bond sale.
- April 23, 2009 - Ehlers mails Official Statement.
- April 24, 2009 - Deadline for submitting public hearing notice for abatement for the Central Avenue Improvement Project (Notice is submitted to the Osseo-Maple Grove Press.)
- April 27, 2009 - Council accepts bids and orders the assessment hearing
- Week of April 27, 2009 - Ehlers sends information to Moody's (possibly consider Standard & Poor's) to prepare for conference call for bond rating.
- Week of April 27, 2009 - Conference call with rating agency for bond rating.
- April 29, 2009 - Publication of the public hearing notice for the abatement for the Central Avenue Improvement Project
- May 4, 2009 - Bond sale. City Council holds a special meeting at 6:30 p.m. and awards the bids for the sale of the Bonds.
- May 11, 2009 - Council holds a public hearing for the abatement for the Central Avenue Improvement Project and considers a resolution approving the abatement.
- May 26, 2009 - City Council meets and conducts the public assessment hearing; adopts the assessment roll and awards the bids.
- June 1, 2009 - Construction begins.
- Week of June 1, 2009 - Estimated bond closing
- July 14, 2009 - Council approves first construction bill
- After July 15, 2009 - First payment for construction

Withers stated this schedule makes April 27th an important meeting for the Project because the Council decides whether to proceed with the bond sale and assessment hearing. If the decision is not to proceed, the bond sale can be canceled and the public hearing on abatement can be canceled. If the Council decides to proceed with the project on April 27, then the schedule would be unnecessarily delayed unless the action recommended for Monday, April 13, is already taken.

May 26 remains an important project date in that the final steps are scheduled for that meeting. Every action taken prior to that date can be reversed if the Council does not want to proceed. In order to proceed at that time, the Council would approve the assessment roll and award the construction contract.

Parks asked if the tax abatement funds could be used elsewhere if the Central Avenue project did not happen. Kurtz said yes, but only if wording in the

resolution indicated more general language to allow flexibility with the expenditure of the tax abatement funds.

Kleven said he wanted the tax abatement funds applied specifically to the Central Avenue project.

Schreiber asked if the school district and Hennepin County need to agree to this tax abatement. Kurtz said no, since the tax abatement only affected the funds that the City itself would normally be receiving. It does not affect the funds to be returned to the school district or county.

Kurtz also stated that if the tax abatement of these funds is identified in the detail of the debt issuance services, this measure cannot be rescinded by a future City Council action.

A motion was made by Kleven, seconded by Parks, to adopt Resolution No. 2009-16 Calling for a Public Hearing on Proposed Property Tax Abatement for the Central Avenue Improvement Project. The motion carried 5-0.

ii. CONSIDER SETTING DATE TO SELL GENERAL OBLIGATION BONDS (Resolution)

Kurtz outlined the proposed issuance of \$5,325,000 General Obligation Improvement Bonds, Series 2009A. The purpose of this proposed debt is: 1) Funding of approximately \$2,713,609 for street and utility improvements to Central Avenue; and, 2) Funding of approximately \$2,502,223 for streetscape improvements to Central Avenue. The Bonds would be issued pursuant to Minnesota Statutes, Chapters 475 and 429. Because the City is assessing at least 20 percent of the project costs, the Bonds can be a general obligation without a referendum and will not count against the City's debt limit. The Bonds will be paid from a variety of sources, including special assessment revenue from the benefiting property owners; pre-1990 tax increment revenues from TIF Districts 1 and 2; tax abatement revenues; sanitary sewer, water, and storm sewer revenues; and a potential tax levy. The tax levy may be written down by funds that were previously used for lighting expenses. It is anticipated that the new lighting along Central Avenue will provide a significant cost savings. In addition, the bonds will be secured by the City's General Obligation, so the City would be obligated to levy if revenues are not sufficient for a debt service payments.

Kurtz said no assumptions were made of any pre-paid special assessments. If the City receives a significant amount of pre-paid assessments, it may need to increase the levy portion of the debt service to make up for lower interest earnings than the expected assessment interest rate of 2.0% over the true interest cost of the bond issue. She said the City currently holds a Moody's Investors Service rating of Aa3. A rating from Standard and Poor's might be more aggressive which could result in an upgrade in rating. The 2009A Bonds are being issued for a 20-year period. Interest is payable each six months. Principal on the 2009A Bonds will be due on February 1 in the years 2011 through 2030.

Withers asked about the risk if the bond sale happens on May 4 per the schedule and the Council ultimately decides on May 26 not to do the Central Avenue project, after the actual assessments and bids for the project are known. Kurtz said the City could choose to not close on the bonds that were sold but would

incur some costs associated with the bond sale, plus other “repercussions” may exist for future bond sales.

A motion was made by Kleven, seconded by Parks, to adopt Resolution No. 2009-17 Providing for the Sale of \$5,325,000 General Obligation Improvement Bonds, Series 2009. The motion carried 5-0.

c. CONSIDER USE OF BANDSHELL FOR CONCERTS & MOVIES IN THE PARK

Withers stated Al and Barb Lindquist have made application for use of the bandshell for Concerts and Movies in the Park on Tuesday evenings throughout the summer. All of these events, except for one concert, are free to the public. The Lorie Line concert has a ticket charge of \$31 per ticket. The Bandshell Park Policy, Section A.4. states, “Participants or sponsors may not... solicit from the audience unless prior permission is granted by the City of Osseo.” Also, Section A.6. notes, “No sales of any items are allowed during uses by performers or sponsors without prior permission from the City of Osseo. Sales of food or refreshments by civic groups and non-profit groups may be allowed only with prior permission from the City of Osseo.” Lorie Line sells CDs after her event. We have heard that one or two groups may be interested in selling refreshments during some of the events throughout the summer.

Withers asked the Council if they want to be consulted in these requests as the “City of Osseo,” or if Withers as City Administrator could be the responsible authority as “City of Osseo.” He suggested the policy be revised to include more specific language in this case. Withers added he may have some information about possible options for those in Section A.9. when “the applicant may be required to provide proof of insurance.”

Council consensus was to allow the City Administrator to be the responsible authority in relation to the City of Osseo. The policy should be amended and brought forward for Council approval on April 27.

Menth stated the Council members should be notified when the City Administrator authorizes events or food sales or the like in relation to the Bandshell Park Policy.

d. LYNDE’S RESTAURANT ITEMS:

i. CONSIDER AMENDED CONDITIONAL USE PERMIT FOR ON-SALE INTOXICATING LIQUOR (Resolution)

City Planner Dahl stated Mark Lynde has submitted a request to amend a previously approved Conditional Use Permit (CUP) in order to allow on-sale (on- and off-premise) intoxicating liquor sales as a part of Lynde’s Restaurant and Catering at 209 Co Rd 81. The request was considered by the Planning Commission at its March 16 public hearing. The Planning Commission recommended approval of the amended CUP request by a unanimous vote, subject to four conditions:

- 1) The on-sale service of liquor shall adhere to all applicable federal, state, and county statutes and regulations in addition to local ordinances;
- 2) Alcoholic beverages shall not be allowed to be taken outside of the building;

- 3) The applicant shall need to apply for an amended CUP with a patio plan in order to provide outdoor food and liquor service; and
- 4) Violation of any condition shall result in revocation of the CUP in accordance with the provisions of the Zoning Ordinance.

A motion was made by Menth, seconded by Schreiber, to adopt Resolution No. 2009-18 Granting Request of Mark Lynde, Lynde's Restaurant and Catering, to Amend a Conditional Use Permit (CUP) to Allow for a Restaurant and Catering Business With On-Sale Intoxicating Liquor Service at 209 County Road 81. The motion carried 5-0.

- ii. CONSIDER FIRE RELIEF ASSOCIATION REQUEST FOR PULL-TAB OPERATION (Resolution)

Withers stated the Osseo Fire Department Relief Association (OFDRA) has requested a lawful gambling premises permit to operate at the Lynde's Restaurant at 209 Co Rd 81. This permit would be in addition to the premises permit the OFDRA currently has for Dick's Bar at 205 Central Avenue.

Kleven asked if there would be any conflict of interest in that Lynde's Restaurant is owned by Mark Lynde and Lynde is also the Osseo Fire Chief. Withers said Lynde understands he can have nothing to do with any of the charitable gambling operation activities conducted by the OFDRA.

A motion was made by Schreiber, seconded by Parks, to adopt Resolution No. 2009-19 Approving Lawful Gambling Premises Permit Application for the Osseo Fire Department Relief Association at Lynde's Restaurant at 209 Co Rd 81. The motion carried 5-0.

- e. CONSIDER COPS GRANT APPLICATION TO FUND POLICE POSITION

Withers stated he had decided not to apply for the COPS grant to fund a new police position as the City was in the process of hiring a new Police Chief who should be included in this type of action. Also, the grant would cover three years of funding for a full-time position but stipulates that the fourth year must be fully funded by the City for the position. The possibility exists that a school resource or liaison officer at the junior/senior high schools might be a future option. Or, an increased power car shift might be used.

After some Council discussion, it was agreed that this matter should wait for a future time after the new Police Chief has been hired.

- f. CONSIDER FIRE DEPARTMENT LOCK BOX PROGRAM

Withers stated there are currently some commercial property owners that have given a key to their building to the Fire Department so entry can be gained in case of an emergency. That may not be the safest way to protect one's property, however, and the Osseo department is eliminating the practice. A newer program offers a better option, that of a lock box. The red box, which is bolted through the wall on the outside of the building near the main door, contains a key to the building. The box is locked with the Fire Department having the only key. These lock boxes will be recommended to commercial establishments. Order forms and information are available at City Hall. The cost of the box is offset by the cost of a new door and frame that may have to be knocked

in by the Fire Department responding to a call. Costs of the different style boxes range from \$160-\$190.

A motion was made by Menth, seconded by Parks, to approve the Fire Department Lock Box Program. The motion carried 5-0.

g. CONSIDER ADJUSTMENTS TO 2009 BUDGETS (Resolution)

Withers stated several budget adjustments had been discussed at the March 30, 2009, Council work session in anticipation of the reduction of Local Government Aid and Homestead Credit. Adoption of this resolution will officially amend the 2009 Budget.

The proposed adjustments are as follows:

ITEM	ACCOUNT NO.	REVENUE	EXPENDITURE
Reduce Local Government Aid Appropriation from State	101-33401	(\$99,277)	
Cut Mayor's Art Committee	101-41000		(\$5,000)
Reduce Logo Change Expenses	101-41110		(\$1,000)
Cut Summer Employees			
Public Services Part-Time Seasonal (3)	101-41700		(\$12,600)
Summer Recreation Leader (1)	101-42350		(\$1,200)
Police Power Shift (1)	101-41900		(\$10,608)
Cut New Carpet for Community Room & City Offices	101-41700		(\$8,280)
Reduce anticipated Rental Income	101-36001	(\$2,000.00)	
Reduce Security System Coverage	101-41700		\$0
Reallocate Council Computers to Cable TV Fund	101-41000		(\$8,500)
Prepare New Zoning Ordinance In-House	101-41650		(\$18,000)
Reduce Health Insurance Costs	3		(\$900)
Remove Traffic Light Relamping to LED's	101-42200		(\$15,000)
Reduce increase costs for gas prices (1st qtr. Only)			
Police	101-41900		(\$2,500)
Public Services	101-42000		(\$500)
Initiate Anti-Idling Program for Vehicles			
Police	101-41900		(\$1,000)
Public Services	101-42000		(\$500)
No Employee Overtime C/T within PP only			
Administration			\$0
Police			\$0
Public Services			\$0
Use City Office & Community Room Cutback Thermostats and switch ventilation to constant on position			
Heat weekdays 7 am to 4 pm at 70°, Other times at 65°	<input type="checkbox"/>		
Cool weekdays 7 am to 4 pm at 77°, Other times at 80°	<input type="checkbox"/>		
Charge Groups wanting more or less heat	<input type="checkbox"/>		
Install Light Timers in Restrooms	<input type="checkbox"/>		
Place New Thermostats in Fire Bay			

Setback to 58°	□	
General Fund Contingency (\$41,670)	101-41350	(\$16,000)
25 4th St. Appraisal = \$3,500		
Possibly for Police Chief =		
SUBTOTALS		(\$101,588)
ORIGINAL, ADOPTED 2009 BUDGET		\$2,054,770
ADJUSTED 2009 BUDGET		\$1,953,182

Kleven said these budget adjustments have no connection to the Central Avenue project.

A motion was made by Kleven, seconded by Schreiber, to adopt Resolution No. 2009-20 Approving 2009 Budget Adjustments as outlined. The motion carried 5-0.

Mayor Hall announced a brief recess to view a sample street light near City Hall on 5th Street NW. The Council left the Council table at 8:30 p.m.

Council members Hall, Kleven, Menth & Schreiber returned to the Council table at 8:50 p.m. to resume the Council meeting. Hall stated the sample light pole and its illumination had been viewed outside and a lighting expert answered several questions.

Council member Parks returned to the Council table at 8:52 p.m.

- h. CHALLENGE NEIGHBORING CITY COUNCILS TO STEP TO IT!
(Resolution)

Withers stated the 2009 Step To it Challenge starts May 18 and ends June 14. Osseo, along with 10 other northwest Hennepin County cities, is participating in this chance for a friendly physical activity competition. On Saturday, May 16, the Step Off registration event begins at Boerboom Veteran’s Park on Central Avenue for Osseo participants between 10 a.m. and noon. Some of the incentives are t-shirts, aluminum water bottles, pedometers, and more. General information, step logs, maps, and health/wellness exams will also be part of this registration event.

Withers asked if the Council wanted to challenge the other participating cities and Councils for this Step To It Challenge.

A motion was made by Hall, seconded by Schreiber, to adopt Resolution No. 2009-21 Challenging Northwest Hennepin County City Councils to Step To It. The motion carried 5-0.

- i. CONSIDER FARMERS MARKET PLAN FOR 2009

City Planner Dahl stated last year’s vendors at the Osseo Farmers Market had generally high praise for the market, with a few vendors insisting that number of weeks the market is open increase. Also, with the increasing national popularity of creating more sustainable and locally produced food, this year’s market is should enjoy even more success.

Location: Community Center Parking Lot (during Central Avenue construction, if necessary-- depending on results, could move back to 5th Street NE in August).

Timing: Tuesdays from 3 to 7 p.m. (just before Concerts & Movies in the Park) from July 14th to September 29th (12 weeks).

Size: 10 to 15 Vendors in approx. 18 feet by 18 feet booth spaces.

Cost: Annual vendor fee is \$100 for non-resident/business, \$75 for resident/business. Daily fee is \$20 for non-resident, \$15 for Osseo resident/business.

Vendors Allowed: Produce, flowers, crafts, community organizations, and homemade delicacies. Staff also hopes to attract entertainers and master gardeners.

Dahl also presented a few budget figures for the Market. Costs will likely include \$500 for advertising and \$1,000 for a Market Coordinator. Fees from vendors are estimated at \$1,275. Not including staff time (Public Works and City Planner), the Farmers Market lost \$100 in 2008 when subtracting total costs (advertising, market coordinator, signs) from revenue (vendor fees). This year, in order to account for city services more accurately, city staff time has been added to market expenditures. In addition, staff needs to hire a part-time temporary position of Market Coordinator to supervise the market from 30 minutes before opening to 30 minutes after closing. This position would be paid approximately \$10 per hour. Dahl said he would be advertising the part-time position.

A motion was made by Menth, seconded by Kleven, to approve the 2009 Farmers Market Plan. The motion carried 5-0.

9. a. It was noted the applicant for this item was not present.

Hall asked if the matter could be tabled again for action at the April 27 Council meeting. City Attorney Magsam said yes, this matter could be tabled and be within the 60-day time extension already granted.

A motion was made by Parks, seconded by Schreiber, to table this issue to the April 27 Council meeting. The motion carried 5-0.

11. ADMINISTRATOR-CLERK-TREASURER'S REPORT

Withers noted the Police Interview Committee would be meeting this Thursday, April 16, at 5:00 p.m. to discuss the Police Chief candidates.

The National Pollution and Discharge Elimination System (NPDES) Phase II annual meeting will be held on April 27, 6:30 p.m., before the Council meeting. Public Services Director Randy Korfiatis and City Engineer Marcus Thomas will give a brief presentation on the Storm Water Pollution Prevention Program and be available for questions.

12. COUNCIL AND ATTORNEY REPORTS

Magsam had no report.

Menth had no report.

Kleven said he would be the Council member getting the highest number of steps in the Step To It Challenge.

Schreiber hoped everyone had a great Easter.

Parks had no report.

Hall congratulated the boys basketball team for achieving 2nd place in the state basketball tourney. He noted the citywide clean-up is scheduled for Saturday, June 6. Hall stated the City has learned that the number of on-sale liquor licenses allowed by Osseo due to population does not include restaurants which also serve liquor.

Hall asked what the Public Services Department has planned for pothole repairs throughout the City.

13. ADJOURNMENT

A motion was made by Menth, seconded by Parks, to adjourn the City Council meeting at 9:24 p.m. The motion carried 5-0.

Respectfully submitted,

LeAnn Larson
Deputy Clerk