

**OSSEO CITY COUNCIL
REGULAR MEETING MINUTES
MAY 11, 2009**

1. CALL TO ORDER

Mayor John Hall called the regular meeting of the Osseo City Council to order at 7:01 p.m. on Monday, May 11, 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, Public Services Director Randy Korfiatis, and Deputy Clerk LeAnn Larson.

Others present: Rebecca Kurtz-Ehlers & Associates, Marcus Thomas & Sarah Rippke-Bolton & Menk, John Cochran, Alicia Miller, Chuck & Claudia Gisvold, Al Lindquist, Terry McNeil, LeRoy Walz, 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 Menth, seconded by Schreiber, to accept the Agenda as presented. The motion carried 5-0.

5. CONSENT AGENDA

- a. Receive EDA Minutes of April 6
- b. Approve April Building Report
- c. Approve April Fire Report
- d. Approve April Police Report
- e. Receive Open Book Meeting Report from Hennepin County Assessor
- f. Approve Summer Hours for 2009
- g. Approve Osseo High School Grading Permit for Artificial Turf on Football Field
- h. Approve Sunday Liquor License for Lynde's Inn at 209 Co Rd 81
- i. Adopt Resolution No. 2009-29 Authorizing a Grant Agreement for Safe & Sober Communities
- j. Approve Accounts Payable (Listing 051109AP, dated 5/7/09, 10:11 AM, for \$65,556.43)
- k. Approve Gary Current on Hennepin County Fire Investigator Team

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

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

5.k. Schreiber congratulated former Fire Chief Gary Current for being named to the Hennepin County Fire Investigator Team.

A motion was made by Schreiber, seconded by Parks, to approve item 5.k. Approve Gary Current on Hennepin County Fire Investigator Team. The motion carried 5-0.

6. MATTERS FROM THE FLOOR

Chuck Gisvold, Assistant Fire Chief, noted a comment was made by a business owner at a recent Council meeting about Osseo running out of water in the fight of a few major fires in Osseo over the past years. Gisvold said that Osseo did not run out of water fighting those fires.

Terry McNeil, 124 5th Avenue NE, made several comments. He said he didn't think the City needed to waste money on obtaining appraisals of property it may be considering for purchase. He said compensation increases to staff should not be allowed considering the economy. He wanted to know how many businesses would close if the Central Avenue Project were done. He said he would like to see costs identified as to proposed sewer and water rates with the proposed Central Avenue Project. He questioned the lighting for the project and projected cost savings with the use of new lights. He said other fees might need to be increased, too.

Hall said it was an unknown how many businesses might close. He stated there is a five-year warranty on the proposed new street lights, and the potential savings were evaluated by an electrical engineer.

Withers said that, according to Council procedure from Matters from the Floor, questions should be taken and answers presented at the next Council meeting. He stated information from the Hennepin County Assessor's office is always considered before any discussions about the potential purchase of a property. Appraisals of property are required before negotiations can commence.

7. SPECIAL BUSINESS – RECOGNITION OF BOND RATING UPGRADE

Rebecca Kurtz, Ehlers & Associates, read excerpts from the Summary from Standard & Poor's.

“Standard & Poor's Ratings Services raised its rating on Osseo, MN's, general obligation (GO) debt two notches to 'A+' from 'A-' based on the city's strong financial position and maintenance of very strong reserves. The outlook is stable. The rating further reflects the city's participation in the Minneapolis-St. Paul metropolitan statistical area (MSA), and wealth and income indicators that range from good to extremely strong. The city's high carrying charge is a limiting rating factor, but the fact that the city pays about 95% of GO debt from nonproperty tax sources somewhat lessens the high carrying charge. The city's unlimited-tax GO pledge secures the bonds. The intended payment sources include special assessments and available revenues from the city's tax-increment fund and utility system. Officials will use bond proceeds to fund street and utility improvements.

“Osseo has historically maintained a very strong general fund balance position. As of fiscal year-end Dec. 31, 2007, the most current audit available, the city's unreserved balance was \$623,000 or, in our opinion, a very strong 45.6% of expenditures, albeit on a limited budget. The city generated operating surpluses of \$31,000 and \$57,000 in audited fiscals 2007 and 2006, respectively. Management has stated unaudited fiscal 2008 figures show an estimated year-end deficit of about \$15,000. Management attributes the use of reserves to Minnesota's unallotment of \$72,000 of local government aid in 2008. Even with the decrease in reserves in 2008, city estimates still have the general fund balance at a very strong 32.1% of expenditures. Local government aid, the largest general fund revenue source, generated 51% of revenues in fiscal 2007 while property taxes generated 46%. For fiscal 2009, management expects to generate a slight general fund surplus, factoring in an estimated \$99,000 loss in local government aid and expenditure adjustments to offset the expected state local government aid reduction.

“Standard & Poor's considers Osseo's financial management practices "standard" under its financial management assessment (FMA) methodology, indicating the finance department maintains adequate policies in most, but not all, key areas. Management tracks its revenues and expenditures regularly and makes monthly reports on the results to the board, leading to budget adjustments as needed. The city currently lacks formal long-term financial and debt policies. The city recently completed a 10-year comprehensive capital improvement plan that it intends to update annually. Management makes budget assumptions based on the city's three years of historical revenue and expenditure trends and information gathered from the League of Minnesota Cities report. The city targets the maintenance of a fund balance of at least \$620,000, mainly for cash flow purposes.

“The stable outlook reflects Standard & Poor's expectation that city management will maintain at least strong reserves, especially given the likelihood of continued state revenue pressures. We expect management to remain vigilant in monitoring expenditures because the local economy's exposure to broader economic conditions could have an effect on operations. In addition, we expect the city to maintain a manageable debt profile with limited near-term borrowing needs. The city's participation in the Minneapolis-St. Paul MSA provides further rating stability.”

Kurtz presented a framed Certificate in recognition of the Standard & Poor's assignment of a Credit Rating of A+, Higher Rating = Lower Interest Cost; in recognition of the City's good financial management practices, strong financial position and reserve levels; in recognition of adequate general fund balances and above average wealth and income indicators; in recognition of its participation in the Twin Cities economy; and, in recognition of above average amortization of its GO debt that is paid primarily from revenues other than tax levy.

8. PUBLIC HEARING – TAX ABATEMENT PROGRAM FOR CENTRAL AVENUE PROJECT (Resolution)

Withers stated the public hearing was to take public comment on the proposed tax abatement program for the Central Avenue project.

Hall opened the public hearing at 7:30 p.m.

No public comment was offered.

A motion was made by Kleven, seconded by Schreiber, to close the public hearing at 7:31 p.m. The motion carried 5-0.

Withers said state law allows tax abatement for TIF districts scheduled to end. He stated the City has considered abating the City's share of the property taxes up to \$129,594 annually for a maximum of 19 years. Property tax abatement will begin on each parcel at the time of decertification from Tax Increment Financing Districts No.'s, 1, 2, and 2-2 through 2030.

Withers noted the spreadsheets outlining where the funds would come from outside of the assessments: left from the Jefferson Hwy project, TIF Districts 1 & 2, Abatement of Districts 1 & 2, Abatement of District 2-2, the Sanitary Sewer Fund, the Water Fund, the Storm Sewer Fund, and a City Levy.

Kurtz said the net impact to the City of the abatement is the "extension" of terms for the TIF districts involved. The City's share of the tax increment from the districts would be allocated to the bond payments.

Schreiber asked how many parcels were involved. Kurtz said 43 parcels in three different districts would be abated. Schreiber asked if the City loses anything if the Central Avenue Project wouldn't be done. Kurtz said no, the money goes to the City either way and could be earmarked for another project or have the abatement rescinded.

A motion was made by Kleven, seconded by Schreiber, to adopt Resolution No. 2009-30 Approving the Property Tax Abatement for the Central Avenue Improvement Project. The motion carried 5-0.

9. OLD BUSINESS

a. CONFIRM DATE FOR SALE OF BONDS FOR CENTRAL AVENUE PROJECT (Resolutions)

Withers noted the revised bond amount of \$5,530,000 and the City Council meeting date to award the sale of the bonds of Thursday, May 14, 2009, at 6:30 p.m.

A motion was made by Kleven, seconded by Parks, to adopt Resolution No. 2009-31 Providing for the Sale of \$5,530,000 General Obligation Improvement Bonds, Series 2009A.

Kurtz stated the two purposes of the bonds are funding of approximately \$2,831,914 for street and utility improvements to Central Avenue and Side Street Lighting, and funding of approximately \$2,585,723 for streetscape improvements to Central Avenue. This totals \$5,417,637. Additional costs in selling bonds are subject to change, depending on the final sale:

- Underwriter's Discount (fee for underwriters): \$69,125
- Cost of Issuance (Ehlers, Briggs & Morgan, County Certificate, Paying Agent, Standard & Poor's rating): \$40,000
- Rounding Amount (because bonds are sold in \$5,000 increments): \$3,238

Total Bond Amount: \$5,530,000. The 2009A bonds are being issued for a 20-year period. Interest is payable each six months, starting February 1, 2011, through 2030. There will be one year "delay" in certifying the special assessments to Hennepin County.

If the interest rates are lower than projected, the rounding amount may increase. At that time, and depending on the amount in the rounding line item, the money can be put in the project fund for construction; in the debt service fund to hold until the first debt service payment; or the amount of the bond could be reduced (in \$5,000 increments).

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 & 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 and the side streets will provide a significant cost savings.

Withers stated this project is a big project for Osseo, and every possible source has been considered to offset the project and assessment costs. He stated the Pre-Sale Report for \$5,530,000 General Obligation Bonds, Series 2009A, includes several risk factors. No pre-paid special assessments are assumed. 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 two percent over the true interest cost of the bond issue.

The motion carried 4-1 (Schreiber-nay).

- b. APPROVE SECOND READING AND ADOPTION OF ORDINANCE AMENDMENT 2009-2, MORATORIUM ON CONDITIONAL USES IN THE CENTRAL BUSINESS DISTRICT

City Planner Dahl stated at its April 27 meeting, the City Council approved the first reading of Interim Ordinance 2009-2, which provides for a moratorium on granting conditional use permits for uses in the CBD associated with: drive-in businesses; minor auto service stations for retail sale and service; mortuaries; and dry cleaning, laundry, linen towels, diaper, and similar supply services.

Once the second reading and adoption is approved, the ordinance will be published in the Osseo-Maple Grove Press and will be officially adopted.

A motion was made by Parks, seconded by Schreiber, to approve the second reading and adoption of Ordinance Amendment 2009-2, a Moratorium on Conditional Uses in the Central Business District. The motion carried 5-0.

10. NEW BUSINESS

- a. RESCHEDULE CENTRAL AVENUE PROJECT ASSESSMENT HEARING FOR JUNE 8, 2009 (Resolutions)

Hall stated due to the delay in the sale of bonds, the assessment hearings needed to be rescheduled.

A motion was made by Kleven, seconded by Schreiber, to adopt Resolution No. 2009-32 Calling a Hearing on the Proposed Assessment for Central Avenue Project. The motion carried 5-0.

A motion was made by Schreiber, seconded by Menth, to adopt Resolution No. 2009-33 Calling a Hearing on the Proposed Assessment for Side Street Lighting. The motion carried 5-0.

b. ADOPT 2030 COMPREHENSIVE PLAN UPDATE

Dahl stated on November 24, 2008, the City Council approved and adopted the 2030 Comprehensive Plan Update subject to review and comment by the Metropolitan Council. Recently, staff received a letter from the Metropolitan Council indicating:

The Council found that the City's Update meets all Metropolitan Land Planning Act requirements, conforms to the regional system plans transportation, including aviation, water resources management, and parks, is consistent with the 2030 Regional Development Framework, and is compatible with the plans of adjacent jurisdictions.

After speaking with Met Council staff, they indicated that a resolution of adoption is needed from the City after Met Council's review as well. The next step is to revise the Zoning Ordinance in order to reflect the new Plan.

Dahl stated in order to cut costs (each copy costs well over \$50 to bind and print in color), the suggestion is that the Council, Planning Commission, and Economic Development Authority are given CDs of the Plan rather than hard copies. A few hard copies of the Plan will be printed but should remain at City Hall for staff and the public.

Kleven stated he would like to see the Comprehensive Plan Update on the city's website.

A motion was made by Kleven, seconded by Schreiber, to adopt Resolution No. 2009-34 Adopting the 2030 Comprehensive Plan Update, a Compilation of Policy Statements, Goals, Standards, and Maps for Guiding the Overall Development and Redevelopment of the City of Osseo, Minnesota. The motion carried 5-0.

c. CONSIDER "NO PARKING EXCEPT FUNERAL PROCESSIONS" SIGNS FOR 1 ½ STREET NE

City Attorney Magsam stated Mayor Hall had discussed this issue with him. A recent issue about parking behind the Evans-Nordby Funeral Home on 1 ½ Street NE prompted this matter being placed on the agenda.

The Council discussed whether or not special parking signs should be required in this area, who would pay the costs for the signs, and general traffic flow with or without funeral processions.

LeRoy Walz, 129 5th Street NW, was present in relation to the matter.

Council consensus was that there was not sufficient information to make a decision on this issue at this time. Staff will research the matter.

d. RECONSIDER SEASONAL EMPLOYEE FOR PUBLIC SERVICES DEPARTMENT

Hall stated he was concerned that the Public Services Department would not be able to get all its work done this summer, along with mowing of City property. Budget

reductions already passed this year include no seasonal workers for the Public Services Department. Hall said he thought it would be a good idea to hire one person for lawn mowing, ball field maintenance, and coordination of the Farmers Market. The funding for payment of this person could come from the contingency fund.

Schreiber said the City should not be paying regular Public Services employees to mow grass; it should be a seasonal worker who gets paid less.

Public Services Director Randy Korfiatis stated he could use someone for seasonal assistance, at about 20-30 hours/week.

A motion was made by Hall, seconded by Schreiber, to authorize the hire of a seasonal worker not to exceed \$9,000, with funding coming from the contingency fund.

Withers stated the Council has already made the decision to reduce the 2009 budget by eliminating seasonal workers for Public Services. He said if people do not want their taxes raised, they will not be able to expect the same services that have been provided in the past. Withers stated there may not be much left in the contingency fund. He added that revenues may drop even lower than anticipated, thereby increasing the need for the contingency fund. Some services just can't be provided at the same level as before. Withers said Public Services will need to cut back on lawn mowing this year. By hiring an additional worker to mow grass, you are paying more per hour for workers, not less, since the Public Services employees would all be paid in addition to seasonal workers.

Parks suggested this matter be tabled to see how the season progresses. If the Public Services Department gets behind with duties, the matter of hiring a seasonal employee can be addressed again.

A motion was made by Parks, seconded by Menth, to table this issue to the June 8 Council meeting. The motion carried 3-2 (Kleven, Menth & Parks-aye; Hall & Schreiber-nay).

e. CONSIDER CHANGE FOR FIRE DEPARTMENT LIEUTENANT 13 POSITION

Withers stated he and Fire Chief Mark Lynde have discussed a new position with the Fire Department, that of Lieutenant 13.

According to Lynde, Brooklyn Park is handling all of the Fire Inspections for the City of Osseo. In addition to the budgeted money for the Brooklyn Park Inspector, the Fire Department has budgeted money for an Osseo Fire Inspector. In the past year this Inspectors job description has not been clear and some duties have been overlooked. The suggestion is to change the Osseo Fire Inspector to a Lieutenant 13 of Communications to be the liaison between Brooklyn Park Inspector and the officers of the Osseo Fire Department. This Lieutenant would keep the Osseo Fire officers updated on the inspections Brooklyn Park does in Osseo, do the filing of the Osseo inspections, do grant writing for the Department, do computer input for any run logs to further enhance our fire applications, do radio and computer data input with the CAD system, and any other communication set forth. This position would receive an officers annual salary of \$600. This Lieutenant would be solicited from the Osseo Fire Department membership. The Chief would like to evaluate the position in six months and then again in one year.

A motion was made by Schreiber, seconded by Menth, to authorize a new officer position for the Fire Department, Lieutenant 13 of Communications. The motion carried 5-0.

11. ADMINISTRATOR-CLERK-TREASURER'S REPORT

Withers stated Matters from the Floor is the forum for people to ask questions and express concerns. However, the Council should not attempt to answer the questions immediately but at a future Council meeting when all facts can be shared.

Hall said he wanted to correct allegations and put rumors to rest. He invited anyone with questions to contact City staff for answers.

12. COUNCIL AND ATTORNEY REPORTS

Magsam had no report.

Menth had no report.

Kleven said a recent article in the Minnesota Cities magazine included an article on government entitled, "Engaging Residents to Make the Tough Choices." He would like an opportunity to receive more public feedback on a number of important issues facing cities and council members. Kleven stated he sees only positives with an updated and revitalized Central Avenue project.

Parks said he supported the Central Avenue project but has heard several concerns about the use of pavers for the project.

Schreiber reminded everyone of the upcoming Step To It registration and kick-off event coming this Saturday, May 16, from 10 a.m. to noon at Boerboom Park. He noted the Farmers Market will be starting Tuesday, July 14.

Hall reminded Osseo residents about the citywide clean-up event on Saturday, June 6, at the Public Services Department, from 8 a.m. to 2 p.m. He said he hoped Senator Warren Limmer and Representative Kurt Zellers would provide a legislative update for Osseo residents.

13. ADJOURNMENT

A motion was made by Menth, seconded by Parks, to adjourn the City Council meeting at 8:56 p.m. The motion carried 5-0.

Respectfully submitted,

LeAnn Larson
Deputy Clerk