

**OSSEO CITY COUNCIL
REGULAR MEETING MINUTES
MAY 26, 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 Tuesday, May 26, 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, Police Chief Tim Ryan, and Deputy Clerk LeAnn Larson.

Others present: John Cochran, Alicia Miller, Al Lindquist, Martin Duffy, 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 Amended Agenda.

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

5. CONSENT AGENDA

- a. Approve City Council minutes of April 13, April 27, May 4, May 5, May 11 & May 14
- b. Receive American Legion April Gambling Report
- c. Receive Firemen's Relief Association April Gambling Report
- d. Receive Lions Club April Gambling Report
- e. Receive Osseo-Maple Grove Hocking Association April Gambling Report
- f. Approve Renewal of Liquor and Tobacco Licenses
- g. Approve Lions Club Banner Request for Lorie Line Concert
- h. Approve Accounts Payable (Listing 052609, dated 5/21/09 11:37 AM, for \$144,740.74)

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

6. MATTERS FROM THE FLOOR

Al Lindquist, Concerts/Movies in the Park organizer, noted the upcoming film festival and concert season, starting June 9. The Wiley family has purchased a website www.osseoentertainment.com for advertising of area events. Lindquist noted snacks may

be offered for sale by a local Scout group and Segue Cafe at the concert/movie events. Lorie Line is coming to Osseo on August 11 for an evening concert. Tickets are available for \$31 each by calling 763-291-4130. The Osseo Express Trolley is available for anyone needing a ride within Osseo. Call 763-425-6420 for the Trolley.

Martin Duffy, Duffy's Bar & Grill, welcomed new Police Chief Ryan and stated he liked that Ryan and the police officers have been seen walking through the business community. Duffy announced his upcoming celebration of 20 years in Osseo with live music planned for Saturday, June 20.

7. SPECIAL BUSINESS – None.

8. PUBLIC HEARINGS – None.

9. OLD BUSINESS – None.

10. NEW BUSINESS

a. DISCUSS CENTRAL AVENUE PROJECT ITEMS

i. ADOPT RESOLUTION FOR DEFERRED SPECIAL ASSESSMENTS

City Administrator Withers stated he would read a memo he prepared that discusses the Central Avenue Improvement Project in its entirety. The memo also relates to both items i. and ii.

“When the proposed Central Avenue Project was first being discussed by the City Council and its advisory boards, the major need for the project was to improve the City Water System. It was (and is) imperative to increase the size of the water main to 10 inches on Central Avenue from Co Rd 30 to the intersection at Co Rd 81. It was also stated the streetscape was old and deteriorated and subtracted from the beauty and esthetics of the Central Business District. All infrastructure in the Central Avenue corridor is poor and will benefit from an upgrade. Since that initial report, it has been determined the General Fund of the City will also benefit from this project in that more than the annual cost of maintaining the current streetlights will be saved annually by installing new, energy efficient LED streetlights.

“One of the main lessons learned is the need to fully communicate with the public and the property owners throughout the project. We believe we have done this so far in this project. One of the things we learned at the public open houses is that some of the business owners believe now is the wrong time to undertake this project because the economy is bad and customer count is down. We disagree with the overall statement; however, we have listened and addressed the concern. First, we believe the present economy is a great time to receive construction bids because contractors are looking for work. Bids did not come in as low as expected because federal stimulus projects are also being bid right now and have a tendency to increase work and pricing. Second, now is a great time to sell municipal bonds because the stock market is down and, therefore, tax exempt issues look better to the investor. Bond bids came in 1.5% lower than anticipated by our financial consultant.

“If the economy in Osseo is down now, we certainly believe it will be back up, or at least on the rise by the 2011 tax year; therefore, we are recommending delaying the required first installment of the assessment until 2011.

“The Central Avenue Project is a special assessment project under Minnesota statutes because more than 20% of it is assessed. Council has directed that 40% of the street and utility improvements be assessed to adjacent property owners and 50% of the streetscape and side street lighting activities be assessed. The Central Avenue Team has put together this schedule of the assessment process.

Mailed Notice of Hearing on Proposed Assessment to property owners May 22

Public Hearing on Proposed Assessments is Monday, June 8, 2009

30 Day Period to Appeal to District Court expires July 9, 2009

30 Day Period to Pay Full Assessment w/o Interest on or before July 8, 2009

Assessments not paid in full accrue interest as of July 1, 2009

“Normal” Certification of Assessments to County would be November 30, 2009

Central Avenue Project “Delayed” Assessment Roll certified to County on
November 30, 2010

1st Installment of Assessment due with tax payments in May 2011 & October
2011

City’s 1st Bond Payment (Debt Service) due February 2010

Subsequent Debt Service Payments are semi-annual in February and August

“Because the business people spoke often of the poor economy, and we have anticipated a delayed assessment, we have not anticipated any pre-paid assessments, where the assessment is paid fully within the first 30 days. If a number of property owners were to pre-pay, our interest calculations over the 20 year debt service may be under estimated.

“Because of the “delayed” assessments, the City funds responsible for some project costs will be called upon to make the early debt service payments. The Jefferson Assessment, Sanitary Sewer, Water, and Storm Sewer funds will make the 2010 payments, and those funds plus TIF 1&2 and the General Fund will make the 2011 payments. The General Fund will be required to make payments in 2011 and 2012. The future years will see money coming into the General Fund. In 2011, the Council will be asked to decide where the General Fund will get the dollars. Staff will make a recommendation at that time. Right now a couple possibilities exist: the General Fund Balance or an intra fund loan from the EDA.

“A “Delayed” certification of special assessments is proposed. One item that must be remembered as we proceed with discussing this concept – the bond holders want their interest (and principle) payments. The City may be all right with “forgiving” interest, but we will still have to pay the bond holders. Thus, “delayed” assessments may not be due until 2011, but interest will be accruing on the unpaid principle and unpaid interest from July 1, 2009.

“Any special assessment paid within the 30 day “grace period” on or before July 8, 2009, will be interest free. Any amount of the total assessment will be accepted by the City. Following that 30 day period, the City will not accept monthly payments of the assessments. We will accept annual payments received before November 15 of any year. If it is a benefit for a property owner to make monthly payments we suggest they do so with an account set up at a local financial

institution which then makes annual payments to the City. The City is not a financial institution.

“To be clear, if assessments are delayed, the 1st installment of the 20 year assessment is due with the taxes payable in 2011. The first notice of any installment will not be received by a property owner until they receive their 2011 tax statement. That installment will include 1/20th of the principle, and interest on the unpaid balance from July 1, 2009, through December 31, 2011, a total of 30 months. This will be a huge installment. The remaining installments, 2-20, will include 1/20th of the principle plus 12 months interest.

Withers presented an example of a \$40,000 assessment at six percent annual interest, spread over 20 years, could be paid in full interest-free on or before July 8, 2009. If “delayed” until 2011, the payment on the tax statement then would be about \$8,000 (principle of \$2,000 + interest from July 1, 2009, through 2011).

Withers stressed:

1. All interest will be calculated daily, not monthly as in the example.
2. Interest will accrue on interest not paid.
3. All payments received will go first to unpaid interest, and then, if there is any remaining payment, to the principle balance.

“In addition to the City’s “delayed” assessment, the Council is asked to consider approving a “Deferred” assessment program for this project. State statutes permit cities to “Defer” special assessments for individuals who certify they can not afford the assessment and are either physically disabled, senior citizens, or active military, and are homesteading the property assessed.

“The proposed resolution, like the statute, defers payment until the property is sold or until the City determines there is no longer a hardship for the property owner of the homesteaded property. Staff believes the assessment should be “deferred” for eligible property owners, but the interest should still be accumulating. It must be stressed as we proceed with discussing this concept – the bond holders want their interest (and principle) payments.”

“When Council adopts the Assessment Roll on June 8, 2009, the policies and procedures discussed above will be followed unless Council directs otherwise. We recommend Council accept this memorandum as the policies and procedures to be used. We are presenting this memo to the Council one meeting in advance of the Public Hearing so questions can be asked and it can be fully understood by all Council members and the public.

Menth asked if interest continues to accrue for a deferred assessment. Withers said yes, it continues to accrue until the property is no longer homestead or the resident becomes able to pay the assessment or if the property changes ownership.

Schreiber asked about the City levy for the project for 2011 and 2012. Withers said the City levy in 2011 would be \$68,539, and in 2012 it would be \$71,362. Schreiber said delaying assessments might not be a good idea. Schreiber also asked about the effect on the General Fund. Withers said the purpose of a General Fund is to balance out needs of a city.

Kleven asked about the assessment if the assessments were not delayed to 2011. If certified in November 2009 for taxes payable in 2010, the assessment would be approximately \$5,600 (\$2,000 principle plus interest for 18 months).

City Attorney Magsam noted the stated amount of the assessment in the Assessment Notice recently mailed to affected property owners is only principal, not interest.

Kleven asked about how the six percent interest rate was established. Withers stated the six percent recommended by financial counsel is usually about two percentage points higher than the bond rate of interest in order to cover administrative expenses, issuance costs, etc. Withers added the bond counsel for our bond sale looks for revenues at 105 percent of the amount of the bonds.

Schreiber said he wanted to see proposed water and sewer rates increases to help fund this project. Withers said rates would increase approximately 43 percent to cover the increased water system costs.

Withers said he would send the latest financial information from Ehlers & Associates for the G.O. bonds that were sold, outlining updated numbers for costs and revenues.

City Attorney Magsam outlined deferred special assessments. MN Statute, Sect. 435.193, provides that a city may, at its discretion, defer the payment of a special assessment for any homestead property owner who is:

- 1) 65 years of age or older or retired by virtue of a permanent and total disability for whom it would be a hardship for the owner to make the special assessment payments; or
- 2) a member of the Minnesota National Guard or other military reserves who is ordered into active military service for whom it would be a hardship to make the special assessment payments.

The statute requires that the city adopt either an ordinance or a resolution establishing standards and guidelines if the city intends to defer special assessments in such a situation.

Magsam said there is no city ordinance adopted regarding deferred assessments. In 2001 the City did adopt a resolution which did not have the provision for military personnel because that provision was not then part of M.S. 435.193. He recommends the Council consider a new resolution which contains the military service provision.

A motion was made by Kleven, seconded by Parks, to adopt Resolution No. 2009-36 Relating to Deferral of Special Assessments for Certain Persons 65 Years of Age or Older or Persons Retired by virtue of a Permanent and Total Disability or Persons in the Minnesota National Guard or Other Military Reserves Who Have Been Ordered into Active Military Service. The motion carried 5-0.

- ii. CONSIDER PARTIAL PAYMENTS OF ASSESSMENTS

Hall said the Council would be looking at information they have received tonight and updated financial information that will be coming in order to discuss more thoroughly at the June 8 Council meeting.

b. POLICE DEPARTMENT ITEMS

i. APPROVE CHIEF'S EMPLOYMENT AGREEMENT

Withers stated at the April 27 meeting, the City Council authorized Withers to continue negotiations of an Employment Agreement with Timothy Ryan as Osseo Police Chief. The final Employment Agreement is being presented tonight for approval even though little has changed since the April 27 meeting—no dollar figures have been revised.

Items outlined in the Agreement are: position, effective date, pension plan, salary, paid time off, general insurance, dues & subscriptions, professional development, automobile, uniform allowance, cell phone, hours of work, moving/relocation expenses, termination benefits, general condition of employment, and term.

A motion was made by Menth, seconded by Kleven, to approve the Employment Agreement between the City of Osseo and Timothy Patrick Ryan. The motion carried 5-0.

ii. DECLARE SURPLUS PROPERTY AND AUTHORIZE CAR SALE

Withers stated the Police Department was considering the sale of surplus property—namely vehicles—by sealed bids.

Hall suggested that he and the Chief visit an auto sales business in St. Paul that apparently works with other cities in offering to buy surplus vehicles from the cities to save on costs associated with the sale of the vehicles.

Menth asked what the cost would be to the City. Hall said he was not sure what percentage the business would get.

Council consensus was to wait for more information. Withers said he would see that info learned from Hall and Chief Ryan was relayed to the other Council members.

A motion was made by Menth, seconded by Parks, to postpone action on this item to the June 8 Consent Agenda. The motion carried 5-0.

iii. APPROVE PURCHASE OF CHIEF'S SQUAD CAR

Withers suggested the Council consider the purchase of a new unmarked squad car for use by Chief Ryan until it is fitted for use by the department as a marked and outfitted squad car. He said this could be done this year even though it had been planned for 2010. Currently, four cars comprise the vehicle squad. However, the oldest one is also listed on the surplus property/vehicles for sale as previously discussed. If a new car was ordered now, it would take more than 90 days to receive. This fourth car would restore the vehicle squad to four. Withers outlined where the funds could come from if placing the order for the new car:

\$5,300 from the police equipment fund remaining balance, \$15,500 transfer per the 2009 budget to the police equipment fund, and \$4,000 from the proposed sale of the surplus vehicles.

Menth suggested the Council wait to see how much money is received from the sale of the surplus vehicles.

Schreiber stated considering a new car purchase at this time is not an economically feasible thing to do.

Police Chief Tim Ryan said it is customary to have four vehicles for a “one-man” department due to vehicle maintenance, court duties, transport to jail, training, etc. He would like to drive a new unmarked vehicle.

Kleven said he had concerns about the economy and purchasing a new car at this time.

A motion was made by Menth, seconded by Parks, to postpone this item to the June 22, 2009, meeting. The motion carried 5-0.

iv. AUTHORIZE GRANT APPLICATION FOR OFFICER VESTS

Police Chief Ryan stated he would like to apply for a federal grant that would outfit the department with new bulletproof vests.

Hall said Senator Eric Paulsen has agreed to “see this grant through” at the federal level to aid the Osseo police department.

A motion was made by Menth, seconded by Schreiber, to authorize the Police Chief to apply for a federal grant for bulletproof vests. The motion carried 5-0.

v. POLICE CHIEF OPEN HOUSE EVENT

Hall reminded everyone that an open house event will be held for everyone wanting to meet Osseo’s new Police Chief Timothy Ryan. The open house will be on Wednesday, June 3, from 1-3 p.m. in the Community Center. The public is invited.

11. ADMINISTRATOR-CLERK-TREASURER’S REPORT

Withers expressed a personal apology to the citizen who spoke under Matters from the Floor at the last Council meeting. Withers said he plans to support staff in other more appropriate ways and does not want to hinder others from coming to the Council to express concerns during Matters from the Floor.

12. COUNCIL AND ATTORNEY REPORTS

Hall noted the upcoming citywide Clean-Up Event on Saturday, June 6, from 8 a.m. – 2 p.m. at the Public Services building. Modest costs are associated with some of the items that can be brought to the clean-up.

City Attorney Magsam had no report.

Menth thanked Withers for making a public apology.

Parks welcomed Chief Ryan to the Osseo department. He congratulated Duffy's Bar & Grill for 20 years of business in Osseo.

Kleven also welcomed Chief Ryan to Osseo and spoke about the officers walking the streets of the City.

Schreiber said it was really cool to have the police department interaction with business people and residents of Osseo. He asked if something could be put over the hole in the street at 5th and Broadway to avoid potential injury. Schreiber reminded everyone about the upcoming citywide Clean Up on Saturday, June 6. He asked about recovering some costs from the Met Council for a sewer main repair. Schreiber thanked the Fire Department for fighting a recent fire in Osseo.

Hall reminded everyone of the upcoming 3rd Annual Osseo Marching Band Festival on Saturday, June 27, at 12 noon. He said he attended the Memorial Day celebration at Boerboom Park yesterday. Hall has heard many positive comments about the police department doing a walking beat in Osseo. He thanked the Osseo and area fire departments for assisting in a fire in his garage last week. Hall reminded everyone to keep an inventory of personal possessions and assets for insurance purposes.

13. ADJOURNMENT

A motion was made by Menth, seconded by Kleven, to adjourn the City Council meeting at 8:40 p.m. The motion carried 5-0.

Respectfully submitted,

LeAnn Larson
Deputy Clerk