

**OSSEO ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING MINUTES
August 14, 2017**

1. ROLL CALL

EDA Treasurer Harold E. Johnson called the regular meeting of the Osseo Economic Development Authority to order at 6:00 p.m., Monday, August 14, 2017.

Members present: Juliana Hultstrom, Harold E. Johnson, Dan LaRouche, Duane Poppe, and Larry Stelmach.

Members absent: Mark Schulz and Todd Woods.

Staff present: Executive Director Riley Grams, City Planner Nancy Abts, and City Attorney Mary Tietjen.

Others present.

2. APPROVAL OF AGENDA

A motion was made by Stelmach, seconded by Hultstrom, to approve the Agenda as presented. The motion carried 5-0.

3. APPROVAL OF MINUTES – JULY 10, 2017

A motion was made by Stelmach, seconded by Hultstrom, to approve the minutes of July 10, 2017, as presented. The motion carried 5-0.

4. MATTERS FROM THE FLOOR – None.

5. PUBLIC HEARINGS – None.

6. ACCOUNTS PAYABLE

Executive Director Riley Grams presented the EDA Accounts Payable listing.

A motion was made by Hultstrom, seconded by LaRouche, to approve the Accounts Payable. The motion carried 5-0.

7. OLD BUSINESS

A. DISCUSS NORTH CENTRAL REDEVELOPMENT RFP

Grams stated the EDA had directed staff to draft a Request for Proposals (RFP) at a recent EDA meeting for the redevelopment area called North Central (an in-house term). This includes the east side of the 600 block of Central Avenue, and adjacent properties contained within that block. Brian Bourassa from WSB assisted staff in drafting this RFP document.

Grams reported the timeline included in the RFP needs some refinement and input from the EDA members. Staff believes the EDA could receive proposals by the end of October. From there, it depends on how the City/EDA wants to progress with any proposed project. The EDA could move forward and include any purchases/costs into the overall City assistance package

(usually TIF funds which are then paid back to the City/EDA for property acquisition). Or, the EDA could require that the developer negotiate to purchase the properties and then include those costs back through the City assistance package (again, usually TIF funds).

Grams explained the EDA should also consider other areas of the proposal and make any necessary changes, directing staff accordingly. The complete RFP document would be posted on the League of Minnesota Cities' website for all interested developers. Additionally, WSB would reach out to prospective developers about proposal opportunities. Staff requested EDA direction.

Hultstrom asked if the City had to set specific dates for the development. Grams stated this would not be necessary and anticipated the project would not begin construction until early 2019.

LaRouche questioned how the EDA would review the RFPs. Grams commented on the review process and anticipated a subcommittee with EDA and staff members would be selected to complete this process.

Hultstrom inquired if this was already a zoned TIF District. Grams reported the City would have to create a new TIF District for this project.

Johnson asked if this project would be less profitable than 5 Central Apartments given the fact the City does not own any of the property. Grams explained this was a slight drawback but within the project costs the purchase price could be considered.

Stelmach questioned if relocation costs would come into play for the apartment building. City Attorney Mary Tietjen commented the tenants of the apartment building could be entitled to relocation costs.

Poppe commented on the cost to carry the property and how this would impact the redevelopment. He anticipated that if the City had a well-formulated plan in place this would assist in moving the development along.

Hultstrom asked if the 75-day time period within the RFP was sufficient. Grams stated this would be a sufficient timeframe.

Hultstrom inquired if the properties within this redevelopment area were aware of the City's intentions. Grams explained he had been in contact with each of the property owners within the redevelopment area within the last year or two in order to make them aware of a potential redevelopment.

Johnson questioned if this was the proper way to proceed. Poppe believed this was the right step for the EDA as a plan had to be put in place in order to encourage the redevelopment of these properties.

A motion was made by Hultstrom, seconded by LaRouche, to approve the Osseo North Central Redevelopment RFP document and direct staff to post on the LMC website as amended. The motion carried 5-0.

8. NEW BUSINESS

A. DISCUSS PURCHASE OF RESIDENTIAL PROPERTY FOR LAND SWAP

Grams stated staff has been in contact with Bruce Wiley of Wiley Properties about a potential property purchase and land swap deal. The proposal includes the following:

1. The EDA would attempt to purchase the property located at 524 1st Avenue NE. This property is located immediately south of a Wiley Properties-owned residential rental property (532 1st Avenue NE).
2. If successful, the EDA would enter into an agreement with Wiley Properties to swap that property with the property located at 632 Central Avenue (the current empty grass lot located at the southeast corner of the Central Avenue and County Road 30 intersection). The swap means Wiley Properties would then own 524 1st Avenue NE, and the EDA would own 632 Central Avenue.
3. The agreement and land swap would be contingent on Wiley Properties demolishing the two properties (532 and 524 1st Avenue NE) in order to construct a new single level senior occupied (rental or owner-occupied) facility. If Wiley Properties is unable or doesn't redevelop those two parcels in a given time period, the land swap would be voided. This would mean the EDA would own the residential property with no future plan for that property.
4. However, if the redevelopment does happen, the EDA would be in ownership of the first piece of property located on in the North Central Redevelopment block.

Grams stated the City is in the very early stages of this plan, and staff has had only preliminary discussions with Mr. Wiley about this idea. He asked that the EDA consider this as an option in order to start acquiring properties for the North Central Redevelopment plan. Staff has not had any communication with the current owners at 524 1st Avenue NE about this plan.

Grams explained there is some risk involved with this plan, most notably in what happens if Wiley is unable or unwilling to redevelop the two residential parcels. There could be language in the agreement that outlines parameters if a redevelopment does not happen.

Grams reported if the consensus from the EDA is that this is a worthwhile plan to pursue, staff will contact the owners of 524 1st Avenue NE and get their thoughts on selling their property to the City/EDA. Staff could also firm up the commitment from Wiley Properties. Staff recommends the EDA discuss this option and direct staff accordingly.

Stelmach expressed concern with the financials for the proposed land swap. He stated one property was valued higher than the other. He feared how this purchase would be further impacted by relocation costs. He stated he could only support any land swap if it was made more fairly.

Hultstrom asked if the City could negotiate the land swap further in order to ensure the City was not responsible for any relocation costs. Grams explained the City could negotiate this within the land swap or the payment of outstanding assessments. Riley stated this may be a no-go issue with Wiley Properties.

Stelmach stated he was comfortable talking about this further but did not support the land swap as proposed. He explained he wanted to make sure this was done right.

Johnson understood that Wiley Properties has tried to purchase the house on the corner in the past. He believed this would be the best option as the EDA would then not be responsible for relocation costs.

Hultstrom stated the City might have to consider demolition expenses for the corner property. She stated another thing to consider was how a developer may respond to this project within the RFPs. She suggested the EDA consider this topic at a future work session meeting.

Johnson supported this item being discussed further at a work session meeting. He explained at this time he supported Wiley Properties pursuing a development, but did not see the EDA purchasing the corner property at this time.

B. CONSIDER EDA PAY OFF OF BEAUTIFICATION FUND DEFICIT

Grams explained at the May 30 Council work session meeting, staff and the City Council discussed various ways that the existing deficit in the Beautification Fund could be paid off. Currently, there is a deficit of \$17,650.

Grams reported the Beautification Fund pays for the general beautification of Central Avenue in Osseo’s downtown commercial core. This includes the annual hanging flower baskets and the maintenance of those baskets (including fertilizer, any pest control, and the overall irrigation system maintenance). The most costly item coded to that Fund is the annual Designing Nature costs to clean up and re-plant the flower/plant boxes up and down Central Avenue. The City contracts with Designing Nature to clean up those areas in the fall, re-plant in the spring, and continual maintenance (replace dead plants and the like) throughout the summer. The following is a summary of the last three years of expenses to that fund:

2015:	\$12,193.43
2016:	\$14,032.44
2017 (to date):	\$ 7,031.58

Grams indicated the only source of revenue to off-set those expenses is in the form of donations. However, the amount of donations does not come close to offsetting the annual expenses. Every year the City conducts a “Push for Petals” campaign in which donations are sought through the Osseo Outlook newsletter and by some direct mail requests. Donations from those campaigns have been lacking in recent years.

Grams stated the Beautification Fund operates in a deficit. Each year the City Auditor has a verbal finding, noting that the Fund is in deficit. Because the beautification of Osseo’s downtown business core can be considered a key component to a lively business environment, the City Council believes this to be an appropriate use of EDA funds, per its direction from the May 30 work session meeting.

Grams reported the EDA should consider paying off the existing fund deficit in 2017 so that the Fund is “zeroed out” on December 31, 2017 (end of our fiscal year). Moving forward, staff will be contemplating other revenue sources so that the Fund doesn’t again go into a deficit. This might include annual contributions from the EDA, starting some type of sponsorship program in which residents or businesses can sponsor (and pay for) particular flower baskets or flower beds, or some other type of revenue stream. Staff recommended the EDA approve paying off the Beautification Fund deficit in the amount of \$17,650.

Stelmach stated he supported staff’s recommendation but explained he would like more information regarding expenses going forward and proposed the City pursue a more comprehensive sponsorship program. Grams stated staff had come up with numbers for the cost to sponsor a hanging basket or corner flower box and this information could be forwarded to the EDA.

Hultstrom questioned if this was a one-time expense request for the Beautification Fund. Grams explained this was a one-time request. He discussed ways the City could address costs going forward in order to reduce expenses or raise additional funds for the plants.

Hultstrom asked if the City has ever considered starting a volunteer gardening club to assist with the plant maintenance. Grams explained this has not been considered or explored since he has been with the City.

Stelmach stated he would be comfortable talking to businesses outside of Osseo to see if they were willing to sponsor hanging baskets within the community. Grams commented the City could also place an ad in an upcoming newsletter to seek sponsors as well as placing this information on social media.

Hultstrom questioned why this was an EDA expense. She feared that the EDA would be facing another deficit in 2018 and had to investigate how to better manage this program.

Johnson agreed. He supported the City placing this expense as a tax obligation for all Osseo residents to bear and not just the local business owners.

Poppe supported staff having a plan in place prior to approving the expense.

Hultstrom recommended this item be addressed at a work session prior to being approved.

A motion was made by Hultstrom, seconded by LaRouche, to table action on this item. The motion carried 5-0.

9. REPORTS OR COMMENTS: Executive Director, President, Members

None.

10. ADJOURNMENT

A motion was made by Stelmach, seconded by Hultstrom, to adjourn at 7:01 p.m. The motion carried 5-0.

Respectfully submitted,

Heidi Guenther
TimeSaver Off Site Secretarial, Inc.