

**OSSEO CITY COUNCIL  
REGULAR MEETING MINUTES  
December 11, 2017**

1. CALL TO ORDER

Mayor Duane Poppe called the regular meeting of the Osseo City Council to order at 7:00 p.m. on Monday, December 11, 2017.

2. ROLL CALL

Members present: Councilmembers Harold E. Johnson, Mark Schulz, Larry Stelmach, Anne Zelenak, and Mayor Duane Poppe.

Staff present: City Administrator Riley Grams, City Planner Nancy Abts, Public Services Director Rick Hass, Police Chief Shane Mikkelson, and City Attorney Mary Tietjen.

Others present: Lee Gustafson-WSB, Emily Lueth-WSB, Gary Groen, Doug Beier, Matt Griffith, Larry Traut, Barb & Jerome Plzak, Neil Lynch, Shawn Fish, Bruce Dahlheimer, Paul Ferguson, Sherilyn Miller, Sharon Boese Formato, Joy Bandel, Richard & Carolyn McGlynn, Jesse Zamara, Bob Hein, Zack Lawrence, Todd & Julie Burkstrand, Phil Gillen, Joe & Betsy Hennen, Juliana Hultstrom, Sam Hennen, and Luke Hennen.

3. PLEDGE OF ALLEGIANCE

Poppe led the Pledge of Allegiance.

4. APPROVAL OF AGENDA [Additions - Deletions]

Poppe asked for additions or deletions to the Agenda.

**A motion was made by Schulz, seconded by Stelmach, to accept the Agenda as presented. The motion carried 5-0.**

5. CONSENT AGENDA

- A. Approve November 27 Council Minutes
- B. Approve 2018 Schedule of Meetings
- C. Approve Addendum to Recording Secretary Services Agreement for 2018
- ~~D. Approve 2018 Pay Increases for City Staff~~
- E. Approve Pawn Renewal License for 2018
- F. Approve 2018 WSB & Associates Rate Schedule
- G. Approve 2018 Open Book Meeting with Hennepin County Assessor
- H. Receive November Building Report
- I. Approve Training for Police Chief Shane Mikkelson
- J. Receive October Northwest Area Jaycees Gambling Report
- K. Receive November American Legion Gambling Report
- L. Approve Tobacco License for Holiday Stationstores LLC
- M. Approve Police Training for Todd Kintzi and Mike Smith
- N. Approve Hire of Rink/Warming House Attendants

City Planner Nancy Abts noted a change to Page 8 on the minutes from the November 27 Council minutes.

Stelmach requested Item 5D be removed from the Consent Agenda to be discussed as Item 10E, shifting the remaining items after.

Schulz noted the Open Book Meeting with Hennepin County would be held Tuesday, April 17, 2018, at 5 p.m. at City Hall in the conference room. He encouraged residents with concerns regarding their property valuation to attend this meeting.

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

6. MATTERS FROM THE FLOOR – None.

7. SPECIAL BUSINESS

A. POLICE CITIZEN AWARDS

Police Chief Shane Mikkelson recognized Philip Gillen, Sam Hennen, and Luke Hennen for their actions during events that took place in the City of Osseo. He stated the Police Department was proud to recognize those that showed bravery during dangerous situations and those that answered the call to action when others were in need. He and others offered a round of applause to these individuals.

B. THANK YOU TO VOLUNTEERS

City Administrator Riley Grams stated staff and the Council would like to publicly thank all volunteers, both individuals and groups, who spend their time making Osseo a better community to live, work, and play in. This list included:

Osseo businesses, civic organizations, faith communities, and others for monetary donations and volunteer time; Volunteers with Osseo Senior programs; Police Department Reserve Officers; Volunteers assisting with Lions Roar, Minidazzle, Music & Movies in the Park, and other community events; Osseo Secondary Transition Center students and staff; Trolley drivers; Volunteer members of the Heritage Preservation Commission, Parks & Recreation Committee, Comp Plan Steering Committee, & Creating Healthier Communities Leadership Team; Volunteers for planting Osseo Orchard; “Explore Osseo” business representatives; Citizens picking up trash on streets and sidewalks; Volunteers helping to hang holiday lights along Central Avenue; Volunteer Fire Departments from neighboring cities for their part in Minidazzle; and Kathleen Gette, grant writer for the Osseo Water Tower Historical Designation.

C. ACCEPT DONATION TO MUSIC IN THE PARK FUND (Resolution)

Grams stated the City has received the following donations:

<u>Donor</u>	<u>Amount/Item</u>	<u>Designated Fund</u>
Osseo Lions Club	\$ 500.00	Minidazzle
Osseo Fire Relief Association	\$1,000.00	Minidazzle
Osseo Fire Relief Association	\$ 449.88	Fire Communications
Eldon A. Tessman	\$ 50.00	Fire Equipment
Holiday Stationstore	\$ 418.50	Police Fund

Staff recommends the Council accept the donations.

**A motion was made by Stelmach, seconded by Schulz, to adopt Resolution No. 2017-78 accepting donations from the Osseo Lions Club, Osseo Fire Relief Association, Eldon A. Tessman, and Holiday Stationstore. The motion carried 5-0.**

8. PUBLIC HEARINGS

A. CONTINUED 2018 TRUTH IN TAXATION HEARING

Grams stated the purpose of this hearing is to allow property owners to comment on the proposed City tax levy for 2018. The City Council is expected to approve the final 2018 Osseo Budget and Tax Levy tonight. At this meeting, the Council cannot increase the budget, only decrease the budget.

Grams explained the preliminary 2018 Budget and Tax Levy was approved by the City Council on September 11. The proposed 2018 budget shows a full balanced budget between expenditures and revenues.

2017 Approved City Budget:	\$2,475,935
2018 Prelim Approved City Budget:	\$2,625,623
Amount Increase from 2016 to 2017:	\$149,688
Percent Increase from 2016 to 2017:	6.05%

Grams stated the following is for the general fund tax levy portion only:

2017 Approved City Tax Levy:	\$1,421,845
2018 Prelim Approved City Tax Levy:	\$1,596,496
Amount Increase from 2017 to 2018:	\$174,651
Percent Increase from 2017 to 2018:	12.28%

Grams recommended the Council continue the Truth in Taxation hearing and take public comments.

Paul Ferguson, 617 6<sup>th</sup> Avenue NE, commented on his property taxes and noted the amount the school board would be taking for the recent school bond. He expressed concern with the amount of money the school board was levying (approximately \$400 million). He explained the recent levy would be used for payroll and benefits, not school district assets. He believed there was a severe conflict of interest regarding this vote. He thanked the Council for rejecting the previous alley bids due to the fact they came in too high. He stated this showed the Council really cared about its residents. He commented on how the new alley would impact Osseo taxpayers and encouraged the City to work with homeowners.

No other public input was offered.

**A motion was made by Schulz, seconded by Johnson, to close the Truth in Taxation Hearing at 7:21 p.m. The motion carried 5-0.**

B. IMPROVEMENT HEARING FOR 2018 STREET PROJECT – WSB & ASSOCIATES (Resolution)

Lee Gustafson, WSB, explained the City Council approved the feasibility report for this project on November 13, and also called for the improvement hearing to be held on December 11. The 2018 street reconstruction project consists of reconstructing portions of 4th Avenue NE, 4th Street NE, and 6<sup>th</sup> Avenue NE including repairing or minimal

reconstruction of the storm and sanitary sewer, replacement of curb and gutter as needed, and repair and installation of new sidewalk.

Mr. Gustafson reported the existing roadway width will be maintained to the greatest extent possible, and minimal impacts will be made outside of the curb with the exception for impacts related to utility work, curb replacement, and sidewalk repair and installation.

Mr. Gustafson stated as part of the City's initiative to increase walkability around the City, sidewalk installation is being proposed for certain portions of 4th Avenue NE, and in front of one property on 4th Street NE. In determining the benefit of adding sidewalk with this project, these streets were evaluated for potential impacts, connectivity to existing walks, and overall benefit to adjacent properties. Based on this evaluation, new sidewalk is proposed for the west side 4<sup>th</sup> Avenue NE. A neighborhood meeting was held on December 5 for the residents along 4th Avenue NE to discuss the proposed sidewalk installation on the west side of the street. Meeting attendance was light, and there were some residents that did not favor the proposed sidewalk installation.

Mr. Gustafson indicated storm and sanitary sewer televising, and geotechnical evaluation was performed as a part of preparing the feasibility report to help calculate pavement design and recommended utility repairs. Sanitary pipes within the project area are proposed to be cleaned and lined as part of a separate maintenance project. Watermain valves and hydrants will be replaced or relocated as needed.

Mr. Gustafson reported a neighborhood open house for the proposed improvements was conducted on November 2 for affected property owners. Preliminary information was presented regarding the proposed improvements, funding, schedule, and impacts associated with the project. Comment cards were made available to attendees at the meeting; however, only one response was received prior to completing the feasibility report. The expense of the project was reviewed and staff recommended the Council order the improvements along with preparation of the plans and specifications.

Stelmach requested further information on the back to curb sidewalk. Mr. Gustafson discussed the proposed location along 4<sup>th</sup> Avenue for the back to curb sidewalk.

Stelmach asked if the City was ahead of the curve for bidding purposes. Mr. Gustafson reported the City was approximately one month ahead of schedule. He explained this should assist the City in receiving favorable bids in March.

**A motion was made by Schulz, seconded by Stelmach, to open the Improvement Hearing at 7:34 p.m. The motion carried 5-0.**

Paul Ferguson, 617 6<sup>th</sup> Avenue NE, questioned if it was necessary for the City to maintain its sidewalks when the majority of people walked and biked in the street. He stated there were a lot of older people in the City and additional sidewalks would burden the elderly financially while also increasing their property maintenance.

Barbara Plzak, 333 6<sup>th</sup> Avenue NE, explained her youngest son was graduating June 9 and she would be holding a large family gathering on June 16, 2018. She asked if she would have access to her property at this time. Mr. Gustafson thanked Ms. Plzak for bringing this item to the City's attention and noted he would work with this resident to plan around this gathering. He encouraged all residents to bring their parties or gatherings to staff's attention, noting he would work with the contractor to reduce the projects impact.

Schulz commented on his experience with the recent replacement of his street and noted there were only two days that he did not have access to his driveway.

Matt Griffith, 625 4<sup>th</sup> Avenue NE, stated he purchased his home in March 2017. He offered his support to the street project but questioned the placement of the sidewalk along 4<sup>th</sup> Avenue. He noted he has a very small yard and expressed concern with the long-term benefit of the proposed sidewalk as it goes to nowhere. He questioned if it was in the City's best interest to complete a sidewalk along 4<sup>th</sup> Avenue NE.

Johnson discussed how sidewalk use has increased in his neighborhood after sidewalk connections were completed in his area of the City. He anticipated that the proposed sidewalk would increase pedestrian traffic for children walking to bus stops.

Stelmach stated there were a number of children in this neighborhood that walked the streets in order to reach their bus stop. He believed that being on a sidewalk was safer than being in the street. He explained he lives in this neighborhood and he supported the proposed sidewalk.

Doug Beier stated his mother lives at 617 4<sup>th</sup> Avenue NE. He explained there was no benefit to having a sidewalk along 4<sup>th</sup> Avenue NE. He commented his mother would not be able to keep this sidewalk clear, which was an unnecessary burden for the City to place on its residents. He encouraged the City to look at the long-range plan for its sidewalks prior to moving forward with this segment. He anticipated that retaining walls would be needed in order to add a five foot sidewalk to this street.

Mr. Gustafson stated he understood that retaining walls may be necessary along 4<sup>th</sup> Avenue NE. He indicated he would know more about this after the final design plans were complete.

**A motion was made by Schulz, seconded by Stelmach, to close the Improvement Hearing at 7:54 p.m. The motion carried 5-0.**

Mr. Gustafson commented on the City's tree replacement plan and how this would be utilized for the 2018 street reconstruction project.

Stelmach thanked his friends and neighbors for offering their comments. He stated he was a proponent for sidewalks and noted residents had 24 hours to remove snow from their sidewalk after the snow stops. He understood that it was work to keep a sidewalk clear but believed this was the safest option for children and other pedestrians. He reported he would continue to support this sidewalk in order to keep kids off the street.

Johnson understood 4<sup>th</sup> Avenue was a direct connection between County Road 81 and County Road 30 and, for this reason, he supported the roadway having sidewalks. He explained it was the City's goal to have sidewalks on at least one side of the street, which was being completed through the street reconstruction projects.

**A motion was made by Johnson, seconded by Zelenak, to adopt Resolution No. 2017-79 ordering improvements and preparation of plans and specifications for the 2018 Street Reconstruction Project.**

Poppe reported the Council was not approving the project, but rather was ordering preparation of the plans and specifications.

**The motion carried 5-0.**

C. IMPROVEMENT HEARING FOR 2018 ALLEY PROJECT – WSB & ASSOCIATES (Resolution)

Mr. Gustafson stated the City Council approved the feasibility reports for these projects on November 13 and also called for the improvement hearing to be held on December 11. He explained the 2018 alley project consists of reconstructing two alleys:

Alley #1. This alley is between 5th and 6th Avenues NE from 4th Street NE to 93rd Avenue North, and was originally scheduled for reconstruction in 2017. Construction was postponed due to the high bids that were received last spring. Reconstruction work also includes repairing or minimal reconstruction of the storm sewer. It is proposed to maintain the existing alley width and that all work will be within the existing alley right of way. A new 12-foot wide, 6-inch thick concrete pavement will replace the old bituminous pavement. Storm sewer televising and geotechnical evaluation was performed to help calculate pavement design and recommended storm sewer repairs.

Mr. Gustafson reported the total project cost for this alley is estimated at \$246,500, and includes all proposed surface and storm sewer improvements as well as all engineering, legal, financing, and administrative costs. Detailed cost estimates can be found within the feasibility report. The opinions of cost incorporate estimated 2018 construction costs and include a 10% contingency factor. Administrative costs are projected at 25% of the construction cost and include engineering, legal, financing, and administrative costs.

Alley #2. This alley is between 2nd and 3rd Avenues NE from 4th Street NE to 93rd Avenue North. Work includes repairing or minimal reconstruction of the storm sewer. It is proposed to maintain the existing alley width and that all work will be within the existing alley right of way. A new 12-foot wide, 6-inch thick concrete pavement will replace the old bituminous pavement. Storm sewer televising and geotechnical evaluation was performed to help calculate pavement design and recommended storm sewer repairs.

Mr. Gustafson explained the total project cost for this alley is estimated at \$232,700, and includes all proposed surface and storm sewer improvements as well as all engineering, legal, financing, and administrative costs. Detailed cost estimates can be found within the feasibility report. The opinions of cost incorporate estimated 2018 construction costs and include a 10% contingency factor. Administrative costs are projected at 25% of the construction cost and include engineering, legal, financing, and administrative costs.

Mr. Gustafson stated financing the 2018 Alley Reconstruction Project will be based on the City's special assessment policy which calls for 80% of the proposed improvements to be specially assessed. The remaining 20% and 100% of the storm sewer costs will be financed by the City. Assessments for this project were calculated by dividing 80% of the total cost of the project equally among adjoining residents.

For alley #1 there are a total of 27 properties benefiting from the improvements equating to a cost of \$6,580 per parcel. For alley #2 there are a total of 28 properties benefiting from the improvements equating to a cost of \$5,970 per parcel. The proposed assessment rolls for both alleys were reviewed, along with an assessment map highlighting the benefiting properties and the assessment calculations for benefiting property owners.

Johnson asked if costs was anticipated to go down for this project. Mr. Gustafson stated he was estimating costs to go up \$1,000 per resident over last year's estimate. However, he explained that the project costs would not be determined until staff had received bids

for the alleyway project. It was his hope that the bids would come in lower than last year given the fact two alleyway projects were combined for 2018.

Johnson questioned if financing options would be available through the City for the street and alleyway projects. Mr. Gustafson described the financing options available to options through the City's assessment policy. He encouraged residents to wait until the alleyway was done to complete any new driveway or similar improvements.

Zelenak commented that the project costs could come in lower than anticipated if the 10% contingency was not used. Mr. Gustafson reported this was the case.

Schulz commended WSB for completing the 2017 project without any change orders and noted this helped the project get completed on time and on budget. He described how the City was working to catchup and improve its streets and alleyways. It was his hope the City would receive favorable bids for this project in order to reduce the proposed assessment amount for residents.

Grams requested further information on why WSB was recommending concrete versus asphalt for the alleyway. Mr. Gustafson explained alleyways should always be made of concrete. He reported concrete was better for drainage purposes, did not flex and would last longer.

**A motion was made by Schulz, seconded by Stelmach, to open the Improvement Hearing at 8:18 p.m. The motion carried 5-0.**

Larry Traut, 217 4<sup>th</sup> Street NE, stated he cannot use the alley but asked if he would still have to pay an assessment for it.

Grams reported this was the case. He explained there were other residents dealing with the same issue.

Schulz commented further on how corner lots were impacted by City improvement projects.

Shawn Fish, 533 3<sup>rd</sup> Avenue NE, stated she has never had an assessment in all her years of homeownership. She requested further information from the City on the process. Grams encouraged Ms. Fish to contact City Hall and noted staff would provide her with this information.

**A motion was made by Schulz, seconded by Johnson, to close the Improvement Hearing at 8:25 p.m. The motion carried 5-0.**

Stelmach asked how old the alleyway was behind the gun shop. Mr. Gustafson explained this alleyway has been in place since the 1970s.

**A motion was made by Schulz, seconded by Zelenak, to adopt Resolution No. 2017-80 ordering improvements and preparation of plans and specifications for the 2018 Alley Projects. The motion carried 5-0.**

9. OLD BUSINESS – None.

10. NEW BUSINESS

A. CONFIRM EDA ACTIONS OF DECEMBER 11

Grams discussed the actions of the EDA. He noted the EDA approved accounts payable, appointed a committee tasked with reviewing the North Central Redevelopment Area RFP submissions, discussed the property at 609 1<sup>st</sup> Avenue NW, approved the 2018 EDA budget and 2018 EDA meeting schedule.

**A motion was made by Stelmach, seconded by Johnson, to confirm the EDA Actions of December 11, 2017. The motion carried 5-0.**

**B. APPROVE PURCHASE OF PUBLIC WORKS SLIDE IN SANDER**

Public Services Director Rick Haas stated currently the City uses the dump truck to do all the sanding in the City. Should something mechanically go wrong with the truck, the City has no backup. It is difficult to acquire assistance from other cities as all of their trucks would be out sanding their city streets and would not be able to help Osseo until they are done, if at all. Last year an auger motor went out that took a week to receive a replacement.

Haas explained to remedy the situation he wants to purchase a slide in sander that can be put in the back of the one-ton truck. This would make the most sense and the small expense would save us from potential greater costs in the future. He would use it to sand alleys and parking lots since the size of the dump truck and location of the spinner on the back makes it difficult to sand those locations. Staff feels the 2.0 cubic yard model would best suit the department needs. The cost would be \$4,678.44 plus \$532.88 for installation and \$52.72 for straps totaling \$5,264.04.

Stelmach questioned what kind of warranty this piece of equipment would have. Haas stated the sander would have a one year warranty.

**A motion was made by Schulz, seconded by Stelmach, to approve the purchase of the sander as recommended. The motion carried 5-0.**

**C. AUTHORIZE EVICTION NOTICE FOR 17 4<sup>TH</sup> STREET SE (CITY-OWNED RENTAL PROPERTY)**

Grams commented in January 2016 the City began renting the property at 17 4th Street NE to a tenant through Renters Warehouse. The tenant was current on rent payments until May 2017, and then partial payments were submitted in the months through September 2017. Since that time, payments have fallen behind the agreed upon monthly lease amounts. The tenant's last partial payment toward monthly rent was in October 2017. The tenant was behind by a total of \$3,043 (includes late fees) in November, and with the \$1,295 due for December (which is now over-due), the tenant owes a total of \$4,338 to the City. Renters Warehouse has attempted to contact the tenant throughout the period and has not received additional payments, and has advised the City to initiate the eviction process.

According to our City Attorney, the Council should review this information and formally initiate the evecton process for any City owned rental property.

Grams reported the tenant has paid the standard one month's deposit upon moving into the rental property (\$1,295). The City has the ability to keep those funds and apply them towards the past due amount. The City also has the opportunity to attempt to work out a payment plan to pay the remaining balance owed to the City. If that is not successful, the



City can go to Court to get a judgement against the tenant for the remaining balance. Staff recommended the Council authorize the eviction of the tenant.

Stelmach asked if legal fees could be a part of the outstanding expenses. City Attorney Tietjen reported the City was generally not able to collect legal fees from a tenant unless this was specified in the lease.

Johnson questioned if the tenant was still in the property. Grams stated the last time staff checked a week ago, the property still appeared to have activity.

**A motion was made by Schulz, seconded by Johnson, to authorize the eviction of the tenant at 17 4<sup>th</sup> Street NE. The motion carried 5-0.**

**D. APPROVE UPDATED AGREEMENT WITH ELEMENT TECHNOLOGIES FOR CITY IT SERVICES**

Grams stated the City currently consults with Element Technologies to provide IT services. Originally, Osseo consulted with LogicNet for those same services. Recently, LogicNet merged with another firm to become Element Technologies. Due to the change in company, the City was approached and asked to update its current agreement to reflect the new company name. The services will remain the same, as well the monthly retainer amount. Staff recommended the Council approve the updated agreement with Element Technologies to provide IT services.

**A motion was made by Schulz, seconded by Zelenak, to approve the updated agreement with Element Technologies to provide City IT services. The motion carried 5-0.**

**E. APPROVE 2018 PAY INCREASES FOR CITY STAFF**

Stelmach stated this was a budget item and for this reason he pulled it from the consent agenda for transparency purposes. He commented on the proposed pay increases for City staff noting the grade and step increases along with the cost of living adjustment (COLA). He explained the proposed pay increases were keeping in line with the recent pay study but questioned if a COLA adjustment was necessary.

Grams commented on the recently completed compensation study and discussed how this impacted City employees. He noted there were a number of employees that were vastly underpaid for the amount of work they are being asked to do. He believed it was difficult to turn down a COLA adjustment for certain employees because they were being severely underpaid for their work. He stated he wanted Osseo to remain competitive in the market place in order to maintain and retain highly trained and skilled employees. He believed skilled employees would add to more efficient services for the City. He commented on the number of neighboring cities and municipalities that approved COLA adjustments for their employees. He explained the City's financial standing was improving and for this reason he was recommending approval of the COLA.

Stelmach requested further information on the City's grade and step pay system. Grams discussed the grade and step system being used for Osseo employees and noted this system was quite common for municipalities and other government entities.

Schulz stated he researched the proposed pay increases and noted actual COLA was at 1.8%. He explained he was challenged by the City's need to maintain high quality employees with the fact that most Osseo residents were not receiving guaranteed raises in

the private sector. He indicated he did not like discussing budgets and understood this was a difficult topic. However, he understood that Osseo's employees were very efficient and were being asked to do a lot. He stated support for the City moving towards a merit based pay system, which would mean this would be the last year the Council would have to deal with automated increases under the grade and step system.

**A motion was made by Schulz, seconded by Zelenak, to approve the 2018 pay increases for City staff as proposed. The motion carried 5-0.**

F. ADOPT 2018 BUDGET AND GENERAL FUND TAX LEVY (Resolution

Grams stated the 2018 Budget shows a fully balanced budget between expenditures and revenues. He reviewed a department-by-department summary breakdown of the 2018 budget, showing actuals for 2014 through 2016, 2017 budgeted and year-to-date (as of November 13) totals, as well as the proposed 2018 budget amounts. In addition, he highlighted the full expenditures and revenue budget for 2018 as well as worksheets for the proposed 2018 tax levy.

Grams explained the 2017 approved expenditures budget was \$2,475,935. The proposed 2018 expenditures budget is \$2,503,754. This represents an increase in expenditures spending of \$27,819, or 1.12% over 2017. The minor expenditure increases can be attributed to several areas. The results of the recently completed Springsted employee compensation study are included in this budget, along with a 2% cost-of-living increase for all full-time, non-union employees, as recommended by the Budget and Finance Committee. Other increases include the addition of tracking expenses in the expenditures budget, rather than elsewhere. This includes the downtown beautification costs, Gateway Sign expenses, City Hall cleaning services, and the City's rental inspection program costs. Additionally, 2018 is an election year and those expenses are also included in the budget. The expenditures budget also includes lower employee health insurance costs (due to the change in provider) as well as a slight reduction in the Capital Improvement Plan transfer.

Grams reported the 2017 approved revenue only (not including the tax levy) budget was \$1,054,090. The proposed 2018 revenue budget (non-tax levy) is \$1,063,527. This represents an increase in revenues of \$9,437, or 0.9% over 2017. The proposed 2018 revenue budget shows some minor increases and decreases in anticipated revenue streams. Local Government Aid (LGA) remains about the same for 2018 (\$625,162). Staff included off-setting revenues for some of the new expenses this year, including Gateway Sign revenue, youth recreation fees, Community Center rental fees, and the Hennepin County Library utility reimbursement.

Finance Consultant Gary Groen stated in order to fully balance the 2018 budget, the City must levy taxes from all Osseo properties to cover the expected gap in the budget. With expenditures and revenues balanced and proposed at \$2,503,754 for 2018, the anticipated 2018 City Tax Levy amount is \$1,444,727 for the General Fund and \$285,562 for debt service (totaling \$1,725,789). This represents a 1.29% increase in the tax levy for 2018. Per City policy, \$4,500 is also included in the tax levy to maintain a General Fund balance of 40% of expenses. By passing this proposed 2018 budget, the City will again lower the City tax rate from 69.10% in 2017 to 63.15% in 2018. This represents the lowest City tax rate since 2011, and the fifth consecutive year in which the City has approved a lower tax rate than the previous year. He reviewed how the proposed tax levy would impact three separate property owners in the City. He noted that residential property values in Osseo were on the rise. Staff commended the Council's efforts to keep

taxes reasonable for Osseo residents and requested approval of the 2018 budget and tax levy.

Schulz commented on how property values were increasing in the City. Because of this, property taxes for businesses was more properly aligning. He explained the business community in Osseo was vibrant and strong which assisted with the City's tax rate. He thanked staff and the Council for working so diligently over the years to continue to improve the City's financial health. He discussed the strong services the City provides for its residents and stated he was proud of the fact Osseo was only raising its budget by 1.1%. He questioned where the City's fund balance would be in 2018. Groen estimated the City's fund balance would be right around 40-42%.

Schulz asked how close the City would be to coming in on its budget for 2017. Grams stated he had updated budget numbers through November of 2017 and the City has spent 56% of its budget.

Johnson commented it was costing homeowners approximately \$3 per day to receive City services. He believed this was quite a bargain when considering the high quality services being received from the City.

**A motion was made by Stelmach, seconded by Johnson, to adopt Resolution No. 2017-81 approving the 2018 City Budget and General Tax Levy. The motion carried 5-0.**

G. CLOSED SESSION – DISCUSS ANNUAL PERFORMANCE EVALUATION OF CITY ADMINISTRATOR

City Attorney Mary Tietjen reported the City Council would be meeting in Closed Session to discuss the annual performance evaluation of the City Administrator.

**A motion was made by Schulz, seconded by Stelmach, to recess the City Council meeting to a Closed Session meeting at 9:34 p.m. The motion carried 5-0.**

**A motion was made by Stelmach, seconded by Schulz, to reconvene the City Council meeting at 9:56 p.m. The motion carried 5-0.**

Mayor Poppe explained the City Council had just completed an annual evaluation of the City Administrator and a summary on this item would be provided at the January 8, 2018, City Council meeting.

H. APPROVE ACCOUNTS PAYABLE

Grams reviewed the Accounts Payable with the Council.

**A motion was made by Johnson, seconded by Stelmach, to approve the Accounts Payable as presented. The motion carried 5-0.**

11. ADMINISTRATOR REPORT

Grams thanked the Council and all City volunteers for a great year. He stated he appreciated the City's consultants and staff members, as well.

12. COUNCIL AND ATTORNEY REPORTS

City Attorney Tietjen thanked the Council for a great year and wished everyone Happy Holidays.

Zelenak thanked all of the volunteers that worked to make Osseo great, especially Kathleen Gette. She wished everyone a safe and Happy Holiday season.

Stelmach thanked all of the City's volunteers and stated he had a great time at Minidazzle. He appreciated all of the community members who participated in this event.

Johnson thanked all of the residents of Osseo, Councilmembers, and staff for a great year. He noted Northwest Hennepin Human Services Council would be closing with its final meeting on Monday, December 18.

Schulz thanked the Osseo Fire Relief Association for its financial assistance with Minidazzle. He commented on the amount of hot chocolate and hot dogs that were served at this event. He thanked the public for participating in this event and for attending Council meetings. He discussed the benefits of sidewalks to the community. He wished everyone a Merry Christmas and encouraged all residents to enjoy this time of year with friends and family.

Poppe thanked all of the volunteers, staff, and consultants who worked so diligently to make this community great.

Poppe stated the City had a need for several Commission members. Those interested in serving were encouraged to contact City Hall for further information.

Poppe reported there would be no City Council meeting on Monday, December 25.

Poppe explained City Hall would be closed for Christmas on December 25-26. In addition, City Hall would be closed on January 1-2, 2018, for New Year's.

13. ADJOURNMENT

**A motion was made by Schulz, seconded by Zelenak, to adjourn the City Council meeting at 10:09 p.m. The motion carried 5-0.**

Respectfully submitted,

Heidi Guenther  
*TimeSaver Off Site Secretarial, Inc.*