

**OSSEO CITY COUNCIL
SPECIAL MEETING MINUTES
April 3, 2018**

1. CALL TO ORDER

Mayor Duane Poppe called the special meeting of the Osseo City Council to order at 6:00 p.m. on Tuesday, April 3, 2018.

2. ROLL CALL

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

Members absent: Councilmember Ann Zelenak.

Staff present: City Administrator Riley Grams.

Others present: Nick Waldbillig.

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 4-0.

5. MATTERS FROM THE FLOOR – None.

6. NEW BUSINESS

A. APPROVE HIRE OF NICK WALDBILLIG FOR PUBLIC WORKS DIRECTOR

City Administrator Riley Grams stated with the upcoming retirement of Public Works Director Rick Hass, the City Council approved the hiring process to find a next Public Works Director. The job announcement was posted and 19 applications were received. The Interview/Hiring Committee (consisting of City Administrator Riley Grams, Public Works Director Rick Hass, and City Engineer Lee Gustafson) reviewed and scored the applications, and then interviewed the top six candidates.

Grams explained the Committee then selected the top three candidates to move on to a second-round interview, which included the Council Human Resources Committee (Councilmembers Schulz and Stelmach). After the final interviews were completed, the Committee agreed that the top candidate was Nick Waldbillig.

Grams reported Nick impressed the Committee with his on-the-job knowledge in all areas of municipal Public Works and his experience leading a Public Works Department. Staff commented on the draft employment agreement negotiated by City Administrator Grams

and Mr. Waldbillig. It was noted the HR Committee has also reviewed the draft employment agreement. Mr. Waldbillig's official start date will be Monday, April 23. This will allow him to work closely with Rick Hass for a full week to learn more about Osseo's Public Works Department and the City in general.

Nick Waldbillig introduced himself to the City Council noting he grew up in St. Paul Park. He discussed his work history with the cities of Big Lake, St. Paul Park, and Rockville.

Schulz explained the City was lucky enough to have great candidates for this position and stated he fully supported the hiring of Nick as the City's Public Works Director.

Stelmach agreed stating Mr. Waldbillig had great experience working with smaller cities. Grams indicated Mr. Waldbillig had a wealth of knowledge in Public Works and was great at communicating.

Johnson requested further information on the paid time off portion of the agreement. Grams discussed the City's policy for paid time off for new hires. He provided further comment on how hours would be set by Director Waldbillig.

A motion was made by Schulz, seconded by Stelmach, to approve the Hire and Employment Agreement with Nick Waldbillig as Osseo Public Works Director. The motion carried 4-0.

B. DISCUSS 2017 RENTAL PROPERTIES RECAP

Grams stated staff has compiled much financial data relating to the three City-owned single-family rental homes located behind Boerboom Park for calendar year 2017. The focus question before the Council this evening is whether or not staff should continue to manage and rent out the homes.

Grams discussed all three properties with the expected income and expenses, and the actual income and expenses. If the City had renters in the three properties the entire 12 months, with no move outs or anything, we would expect total revenue minus expenses of \$33,318.83. The actual revenue minus expenses for those three properties for 2017 was \$18,856.70.

Grams commented the "loss" of \$14,462.12 (\$33,318.83 minus \$18,856.70) can be attributed to turnover in renters at two of the properties, clean up, and painting costs, as well as legal expenses relating to renters not paying back rent. The biggest issues we have with renting these properties is finding good renters who pay the full amount each month on time, plus clean up and legal costs.

Grams reported the City has worked with Renters Warehouse and Tradewinds on these three properties to help assist the City in finding good renters. However, there is never any guarantee that the renters will be model tenants. Each new proposed tenant undergoes some background review, including credit history and income verification. But even if those reports look good, it doesn't always mean the tenant will work out.

Grams indicated the income and expenses go to and come out of the City's Park Dedication Fund. When the City first began renting these properties, the Park Dedication Fund had a balance of \$64,908.00. The Fund has now grown to \$103,861.33 due to the renting of these properties. The Park Dedication Fund is expected to cover the cost of purchasing the final Park property, which would then give the City ownership of the

entire block, allowing for the planned expansion of Boerboom Park. Staff requested the Council provide staff with direction on how to proceed with the rental properties.

Stelmach stated he supported the City continuing to rent these properties out.

Johnson asked if the rent on the units has increased over the years. Grams commented the rent has increased incrementally.

Johnson supported the City continuing to rent the three properties, as well, given the amount that has been invested in the homes.

Schulz indicated the City had a \$50,000 positive cash flow on the three rental properties. He encouraged staff to investigate the rental rates further and noted he was in favor of the City continuing to rent the homes. He appreciated the fact that the City was putting funding into the Park Dedication Fund.

Grams thanked the Council for its direction.

C. DISCUSS LIQUOR ORDINANCE AMENDMENTS

Grams stated the Council previously directed staff to propose amendments to the City's liquor ordinance to include new license classifications for brewpubs, off-sale brewers, taprooms, cocktail rooms, and microdistilleries.

Grams reported the City's Liquor Chapter (City Code Chapter 113) is divided into essentially two sections. The first relates to Intoxicating Liquor Sales and the second deals with 3.2% Malt Liquor Sales. There were several areas of inconsistency noted by City Attorney Mary Tietjen between the two sections that raised questions:

1. Section 113.08 contains restrictions on the purchase and consumption of intoxicating liquor, such as no consumption in a public park and no sales to any person under the age of 21. However, section 113.30 contains a much longer and more restrictive list of conditions related to the purchase and consumption of 3.2% malt liquor.
2. Section 113.07 includes "conditions" of a license, such as maintaining insurance and the licensee's responsibility to maintain order at the licensed premises. Although this section doesn't refer specifically to intoxicating licenses, that appears to be the case because there is a separate – much longer – list of "conditions" in section 113.27 pertaining to 3.2% malt liquor licenses.
3. Section 113.06 lists the persons and places ineligible for an intoxicating liquor license: persons or places ineligible under state law and any premises on which there are delinquent taxes or assessments. On the other hand, section 113.26 – in the 3.2% malt liquor section – contains several additional criteria making a person or place ineligible, including: age, criminal convictions, non-citizenship, character, ownership of the establishment, prior license revocations.
4. Section 113.04 does not allow a refund of intoxicating license fees "except as authorized by statute". Section 113.24 allows refunds of 3.2% license fees under certain circumstances.

Grams stated in addition to the above, the City Clerk (who administers the liquor ordinance) raised some concerns about general readability of the current ordinance and language that should be clarified.

Grams commented that staff is recommending that the Council consider repealing the existing ordinance and replacing it with a close version of the League's model liquor ordinance. Attorney Tietjen has reviewed the model ordinance and it contains all of the critical components and includes the updated license types for brewpubs, taprooms, etc. The model ordinance does not separate intoxicating and 3.2 licenses, but is written in such a way that the conditions are consistent and apply to all license types.

Grams reported if the Council is open to considering this option, staff would need to revise the model ordinance to change some details to fit with Osseo's current licensing practices and bring it back to Council for a formal first reading. Staff is also recommending that the City keep Section 113.11 (Social Host Liability) of the current ordinance, as that was just adopted in 2016 and is not included in the model ordinance.

Grams stated he was seeking direction from the Council on the options available.

Stelmach questioned how the proposed changes would impact the current liquor license holders. Grams commented on a proposed change (notification to City about certain raffle prizes) that would impact them.

Schulz asked if staff had spoken to the City's liquor establishments regarding the proposed changes. He stated he would like to review the current and proposed ordinances with the local license holders prior to this item moving forward.

Stelmach requested that the entire City Council be provided with copies of the current liquor ordinance and model language being proposed.

Johnson stated he did not recommend the City Council trying to pass this ordinance prior to the liquor license renewal period come July.

Grams reported he would send copies of both ordinances to the City Council and all liquor license holders. He anticipated that the Council would not be able to act on the proposed ordinance amendment until early May.

D. DISCUSS FUNDING STRATEGY FOR FUTURE SIDEWALK MAINTENANCE/IMPROVEMENTS

Grams stated as the City continues to expand its sidewalk network, ongoing maintenance becomes a growing consideration. In 2017 the City completed a sidewalk repair project. This project was funded with no cost to local property owners due to a Community Development Block Grant. However, it's unlikely that the City would receive future grants for this same purpose.

Grams commented the current process in City Code requires property owners who have a sidewalk abutting their property to bear the entire cost of maintaining the pavement (see City Code § 92.02 REPAIR OF SIDEWALKS AND ALLEYS). Those without sidewalks are free to use the sidewalks, but do not contribute to their maintenance. Because sidewalks are being added to only one side of the street in new street project areas, the responsibility for maintaining sidewalks is not equally distributed. In addition, the process for requiring sidewalk repairs is time intensive. If the repairs must be paid for through assessments, this is also time-consuming and potentially expensive.

Some communities establish an ongoing fund to prepare for sidewalk maintenance. The entire city contributes to a pool of money over time, and some portion of that pool is used to fund projects with a public benefit. The City, rather than individual property owners, organizes and pays for work on existing sidewalks and trails. This is easier to administer and more cost effective. Larger projects usually benefit from good prices.

Grams explained there are several possibilities for how a program like this could be structured—it could simply be part of the general fund CIP transfer to the Pavement Management Fund. (This approach offers more flexibility in re-purposing monies if sidewalk repairs are not needed as often. However, as part of the general fund it could impact local tax rates.)

Grams commented it could become a separate and dedicated funding stream, similar to the stormwater utility fund. (This ‘separate fund’ approach presents minimal impacts to the city’s tax rate, can be more nuanced in the way individual properties contribute to the fund, and ensures all monies collected will be used for sidewalks and trails. It may be more complex to set up and administer, and would present limits on how funds can be used.) City Engineer Lee Gustafson has found these sorts of funds to be useful. Staff requested the Council discuss the options available for sidewalk maintenance and direct staff on how to proceed.

Stelmach asked if the proposed \$20,000 would be a four or five-year expense. Grams explained staff based this number on the recent sidewalk improvement project noting the expense was \$100,000, which was then divided out by five years, which led to budget \$20,000 per year.

Schulz stated he believed the shared use fund made sense moving forward. He supported sidewalks being improved in conjunction with the City’s street projects and noted sidewalks could be seen as part of the City’s infrastructure. He commented he appreciated the fact the City was in a place financially to consider funding these improvements. He indicated he was fully against back to curb sidewalks in Osseo. He recommended the Council review this proposal further in order to better understand the finances. He commented 25% of the properties in Osseo do not pay property taxes. He suggested a percentage fee be considered versus a flat dollar amount in order to fund future sidewalk improvements.

Grams commented one of the biggest complaints from residents in Osseo was that utility rates were already too high. For this reason, he suggested the Council not consider an increase to the utility rates. He recommended the sidewalks be addressed through the CIP on a yearly basis.

Schulz indicated the City was working to fix its utility rates but noted this was a situation that was created years ago and due to the fact 25% of the properties in the City do not pay property taxes.

Johnson commented he owned a piece of property in Brooklyn Park and stated this city tacks everything onto its utility bill. He stated this was Brooklyn Park’s way of having all properties contributing to the City’s infrastructure. He indicated he supported the City providing snow removal services for all sidewalks. He expressed concern with the sidewalks around Furniture Manor, noting vehicles were driving on the sidewalks. Grams noted he had been in contact with Furniture Manor regarding this concern.

Schulz stated he was sympathetic to seniors in need of assistance with snow removal. Grams indicated if snow removal on all City sidewalks was mandated, the Public Works Department would need to hire an additional staff member. He commented another option would be to contract this work out, which would also cost the City additional money.

The Council directed staff to get a response in writing from Furniture Manor regarding this situation and its responsibility for the sidewalk.

Grams asked if the Council supported studying the impact of a sidewalk maintenance/improvement fee on the utility rates. He indicated if this were supported it would drastically change the parameters of the rate study.

Schulz stated in order for him to support this it would have to be a rate study with a two-pronged approach. He explained he would want to understand how to maintain the sidewalks as they are now and another component to include snow removal.

Grams anticipated that if a sidewalk maintenance fee were pursued by the City Council, the City may have to set up a completely separate capital sidewalk fund. He explained the Council would have to determine how much they want or need to capture on a yearly basis.

Council consensus was to pursue a utility billing strategy for future sidewalk maintenance/improvements. The Council directed staff to proceed with the utility rate study as discussed.

E. DISCUSS COUNCIL PAY INCREASE FOR 2019

Grams explained the Osseo City Council directed staff to review information relating to a potential pay increase for Councilmembers during the 2017 annual budgeting period. At that time, the Council could not discuss the issue because MN Statutes 415.11 does not allow for Council pay increases to be approved during election years (2018 is an election year). However, now that we are into 2018, the Council may discuss this option so long as it takes effect on January 1, 2019, or later.

Grams reported currently, the Council pay follows Osseo Code §30.03 COMPENSATION, which states that the Mayor's salary is currently set at \$3,600 per year and the Councilmember's salary is set at \$2,400 per year. The City budgets for this amount each year from the General Fund. In order to change the salary of the Mayor and Councilmembers, the Council would simply need to amend §30.03 with new salaries. The Mayor and Councilmembers attend a large number of City-related functions throughout the year, including Council work session meetings and regular Council meetings. Some Councilmembers are also on the EDA, and Councilmembers participate in meetings and events relating to various committees they are appointed to.

Schulz questioned how other cities were receiving raises on a yearly basis. He requested staff investigate this further. Grams anticipated these cities were changing their ordinances to fit any salary increases.

Schulz stated he would like to review the pay increase for the rest of the Osseo employees in order to better understand how the Council should increase its pay. He supported the Council making a change that would be more permanent in nature.

Stelmach commented on the current pay and said the Council was putting in an enormous number of hours for less than \$100 per month. He stated the City Council was in a position to serve the public and not to make money. He supported the City reviewing this ordinance in further detail.

Johnson stated some of the changes that were made to the Council's compensation had to be made per state and federal law. He anticipated that the vast majority of Osseo residents had no idea how little the City Councilmembers were being paid.

Schulz indicated this was a difficult topic to discuss especially with several Councilmembers up for reelection this year. However, he believed he could demonstrate how much money the Council had saved the public. He stated he was looking for the Council to be compensated in the same approach as City staff.

The Council directed staff to speak with the League of Minnesota Cities in order to compare Osseo Council pay with cities of similar size and to bring this item back to a future work session.

7. ADMINISTRATOR REPORT

Grams noted he was looking forward to working with Nick Waldbillig and seeing him come on board with the City of Osseo.

8. COUNCIL AND ATTORNEY REPORTS

Stelmach welcomed Nick Waldbillig to the City of Osseo.

Johnson welcomed Mr. Waldbillig to Osseo, as well.

Schulz welcomed Mr. Waldbillig to the team and encouraged him to contact outgoing Public Works Director Rick Hass with any questions he may have.

Poppe welcomed Mr. Waldbillig to the City, and thanked Rick and Randy Korfiatis (recent retiree) for their years of dedicated service to Osseo.

9. ADJOURNMENT

A motion was made by Schulz, seconded by Johnson, to adjourn the City Council meeting at 7:33 p.m. The motion carried 4-0.

Respectfully submitted,

Heidi Guenther
TimeSaver Off Site Secretarial, Inc.