

**OSSEO ECONOMIC DEVELOPMENT AUTHORITY  
REGULAR MEETING MINUTES  
October 9, 2017**

1. ROLL CALL

President Todd Woods called the regular meeting of the Osseo Economic Development Authority to order at 6:00 p.m., Monday, October 9, 2017.

Members present: Juliana Hultstrom, Harold E. Johnson, Dan LaRouche, Mark Schulz, Larry Stelmach, and Todd Woods.

Members absent: Duane Poppe.

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

Others present: None.

2. APPROVAL OF AGENDA

Executive Director Riley Grams requested Accounts Payable be addressed after Item 7A on the agenda.

**A motion was made by Hultstrom, seconded by LaRouche, to approve the Agenda as amended. The motion carried 6-0.**

3. APPROVAL OF MINUTES – SEPTEMBER 11, 2017

**A motion was made by LaRouche, seconded by Johnson, to approve the minutes of September 11, 2017, as presented. The motion carried 6-0.**

4. MATTERS FROM THE FLOOR – None.

5. PUBLIC HEARINGS – None.

7. OLD BUSINESS

A. APPROVE PAYMENT OF PERSONAL PROPERTY TAXES FOR 26 2<sup>ND</sup> STREET NW

City Attorney Mary Tietjen explained the EDA discussed this item at its September meeting. She reported the Osseo EDA had received a notice from Hennepin County regarding delinquent personal property taxes for the property at 26 2<sup>nd</sup> Street NW. She indicated she had drafted a background memo for the EDA on this matter and summarized how personal property taxes were defined. She reported she had confirmed with the City Finance Director that the EDA had been making personal property tax payments and advised the EDA to approve the outstanding payment of personal property taxes for the property at 26 2<sup>nd</sup> Street NW.

Johnson commented on the financial history of this property and stated he supported the EDA paying the outstanding personal property taxes.

Woods questioned if the EDA would be setting a precedent by approving this payment. City Attorney Tietjen explained this was a matter of contract drafting and believed that each lease situation would be different.

**A motion was made by Stelmach, seconded by Johnson, to approve the payment of personal property taxes for 26 2<sup>nd</sup> Street NW. The motion carried 5-1 (Hultstrom opposed).**

8. NEW BUSINESS

A. CONSIDER DEVELOPMENT OPPORTUNITY IN THE CENTRAL BUSINESS DISTRICT

Grams stated a property come up for sale since the owner passed away recently. The property is located at 25 2nd Street NW. This is a residential property located in the Central Business District. It presents an opportunity for the EDA or City to participate in the removal of a nonconforming single-family residential use from a commercial district. If the EDA could acquire other surrounding properties, there might be a development opportunity. Staff’s original thought was to replicate something similar to the Rochon development, in size and scale. It was noted the combined property size of the potentially available properties is almost twice as large as the Rochon development. Staff reviewed a list of the surrounding properties, with owner information, 2017 assessed values, property size, and other comments from staff.

Grams reported Rochon’s assessed value at the start of 2016, for taxes payable in 2017, was \$25,000. (This valuation does not include the new building, because it was not finished at the beginning of 2016.) Based on this valuation, Rochon’s 2017 taxes totaled just over \$800. Rochon’s assessed value for 2017, for taxes payable in 2018, is \$825,000. Rochon’s 2018 taxes are estimated to be in the neighborhood of \$33,000.

Grams explained Property B was recently purchased by the Minnesota Meditation Center and is currently used for residential housing for the monks. The Minnesota Mediation Center has expressed some interest in remodeling its worship facility to include residences for the monks. Until that occurs, they have purchased a former rental house at 33 2nd Street NW to use as a residence for the monks. The residential use is legally allowed to continue despite the change in ownership. However, it is a single-family home located in the middle of the downtown commercial area. Assuming the EDA would be able to purchase that property from the Minnesota Mediation Center, there would be some necessary work done to the existing church building to allow for a residential use. For monks to live in the worship facility, the property would need a conditional use permit and some substantial remodeling work to bring it up to current occupancy code.

Grams stated the Wiley Properties owned parking lot is available for redevelopment. According to the Osseo Police, a large number of area employees use that parking lot throughout the day. If the EDA or City were going to include that property, it would make sense to include some off-street parking for the general area. This would then potentially allow the EDA to sell the existing EDA parking lot (108 1st Avenue NW) to Heinen Motorsports to allow for the expansion of that business (as previously proposed by Paul Heinen). Staff also recommends including Property D into this plan, so that the redevelopment site encompasses an entire half block. The Phone Guys business could occupy a space in any new development.

Grams estimated the following costs in order to purchase all properties mentioned:

Property A	Wiley parking lot	\$100,000
Property B	MN Mediation Center residential home	\$185,000
Property C	Residential home	\$100,000
Property D	<u>Small commercial building (Phone Guys)</u>	<u>\$160,000</u>
	TOTAL	\$545,000

Grams stated staff would also propose applying for available grant funds to help with site acquisition. The EDA would then either sell those properties as-is to a developer, or clear the site and then sell. The goal would be to recoup as much of the site purchase price as possible. Assuming a commercial structure is built similar to Rochon on this site, the expected annual property taxes from such a development would be in the neighborhood of \$36,000, of which the City receives approximately one-third (roughly \$12,000).

LaRouche asked which properties were not currently zoned commercial. Grams explained Properties B and C currently housed single-family residential homes.

Woods believed this proposed project would be more likely to happen versus the North Central Redevelopment project. Grams said he agreed.

Stelmach indicated he was comfortable with staff approaching the property owners to see what they have to say.

Woods agreed and encouraged staff to investigate a potential redevelopment for these properties.

Schulz supported the EDA pursuing these properties as well and believed this was a good area of town to be redeveloped. He suggested the Crystal Welding building also be considered.

Hultstrom asked if the EDA had received any inquiries with the recent RFP. Abts explained the City has received several inquiries and noted the RFP was due at the end of October. She reported the RFP had been downloaded 33 times.

Johnson recommended the EDA pursue Property C. Grams thanked the EDA for its input and reported staff would approach the Property C property owners.

6. ACCOUNTS PAYABLE

Grams presented the EDA Accounts Payable listing.

**A motion was made by Johnson, seconded by Stelmach, to approve the Accounts Payable. The motion carried 6-0.**

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

Johnson provided the EDA with an update on the Highway 81 road construction project.

Schulz explained he and another Councilmember would be meeting with President Woods to discuss the Gateway Sign.

Abts noted a draft Comprehensive Plan was available. She explained comments on the document could be sent to City Hall or WSB.

10. ADJOURNMENT

**A motion was made by Schulz, seconded by Hultstrom, to adjourn at 6:33 p.m. The motion carried 6-0.**

Respectfully submitted,

Heidi Guenther  
*TimeSaver Off Site Secretarial, Inc.*