

**OSSEO CITY COUNCIL  
REGULAR MEETING MINUTES  
October 23, 2017**

1. CALL TO ORDER

Mayor Duane Poppe called the regular meeting of the Osseo City Council to order at 7:04 p.m. on Monday, October 23, 2017.

2. ROLL CALL

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

Staff present: City Planner Nancy Abts, Public Services Director Rick Hass, Finance Officer Teri Portinen, and City Attorney Mary Tietjen.

Others present: Gary Groen, Matt Mayer, Jesse Dickinson, and Michael Olkives.

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. Receive EDA Minutes of October 9
- B. Approve Council Minutes of October 9
- C. Receive Planning Commission Minutes of October 16
- D. Receive September American Legion Gambling Report
- E. Receive September Fire Relief Association Gambling Report
- F. Receive September Lions Club Gambling Report
- G. Receive September Fire Report

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

6. MATTERS FROM THE FLOOR – None

7. SPECIAL BUSINESS

A. ACCEPT DONATIONS (Resolution)

City Planner Nancy Abts stated the City has received the following donations:

<u>Donor</u>	<u>Amount/Item</u>	<u>Designated Fund</u>
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JP Schmitz Construction Co LLC	\$ 300	Gateway Sign Fund
Osseo American Legion	\$5,000	Music in the Park
Duffy's Bar & Grill	\$ 150	Minidazzle
Osseo American Legion	\$5,000	Beautification/Flower Fund
Harold E. & Gayle Johnson	\$ 300	Beautification/Flower Fund

*(in memory of Russell Anderson, Reta Gray & David Potvin)*

Staff recommended the Council accept the donations.

**A motion was made by Stelmach, seconded by Zelenak, to adopt Resolution No. 2017-66 accepting donations from JP Schmitz Construction, Osseo American Legion, Duffy's Bar & Grill, and Harold E. & Gayle Johnson. The motion carried 5-0.**

8. PUBLIC HEARINGS – None.

9. OLD BUSINESS

A. APPROVE LEASE WITH SPRINT COMMUNICATIONS FOR SOUTH WATER TOWER CELL ANTENNA

City Attorney Mary Tietjen explained the City Council considered a draft lease at the October 9 Council meeting; however, the wrong version of the lease was included in the packet. Council asked staff to bring the corrected version back for consideration. The final version of the lease includes the two sections the Council questioned. The first is on Page 1, Leased Premises, which states the Property consists of approximately "277.875 square feet." The second is on Page 8, Lease Termination, a(vi), which states: "...by Tenant for cause if the Leases Premises become unacceptable for documented technological reasons that are provided to the Landlord along with Tenant's written notice of termination, and are the result of changes in the Tenant's Antenna Facilities design or engineering specifications." No other changes have been proposed. Staff recommended approval of the lease with Sprint Communications.

**A motion was made by Schulz, seconded by Stelmach, to approve the lease with Sprint Communications for South Water Tower Cell Antenna. The motion carried 5-0.**

10. NEW BUSINESS

A. APPROVE REPLACEMENT OF CITY HALL ROOF TOP AC/HEAT UNITS

Public Services Director Rick Haas stated this summer the City was hit with a hail storm that damaged the condenser coils on all four roof top units (RTUs). Insurance has paid \$11,800 to the City for the replacement of the coils. The RTUs are over 15 years old and the City was told last year (during an annual maintenance inspection) that several of the heat exchangers will need to be replaced soon. Staff recommends replacing the units with new ones and applying the funds from the insurance company towards the cost of the replacement. There is also an old air conditioning unit that has a bad compressor for the City Hall lobby. It was noted the City was unable to replace the compressor because that replacement part is no longer available. Staff recommended replacing this unit with a new one. The City has received estimates from two companies and recommends having Cedar Heating and Air replace the four RTUs and one A/C unit.

Stelmach asked what type of warranty would come with the new units. Public Services Director Haas believed the units came with a three-year warranty but would verify the term. Stelmach requested staff speak with the vendor to see what type of warranty they would be offering and get this in writing.

Schulz stated he would like to see staff better utilizing the zones within the heating system for the Community Center in order to keep the areas temperature controlled. Public Works Director Haas explained he was aware of this situation and reported dampers may have to be installed to address this concern.

Poppe questioned if the HVAC units were properly sized for City Hall. Public Works Director Haas reported the units were properly sized.

**A motion was made by Stelmach, seconded by Johnson, to approve the Cedar Heating and Air quote to replace City Hall RTUs and A/C unit, less insurance, contingent upon receiving warranty information from the vendor.**

Stelmach asked if this item should come back to the Council for further review after additional information was available regarding the extended warranty. Public Works Director Haas explained this would be a separate purchase and would come before the Council at a future meeting for its consideration.

**The motion carried 5-0.**

**B. APPROVE CONDITIONAL USE PERMIT AT 340 CENTRAL AVENUE**

Abts stated Jesse Dickinson has applied for a Conditional Use Permit for 340 Central Avenue. Jesse and his brother Jordan are co-owners of a coachbuilding business Union Speed and Style. Pending City approval, the business will purchase 340 and 332 Central Avenue. The business will move from its current location in Monticello to Osseo. Before the move, the proposed business will also need to apply for a Site/Building Plan approval. Building, electrical, and mechanical upgrades are also needed before the space is occupied.

Abts explained the property is in the Central Business District (CBD) and is currently owned by Premier Bank. The proposal includes roughly 1,400 square feet of space as public retail, showroom, and meeting space. There is also 5,400 square feet of work space and associated storage. Another 765 square feet will be leased to a to-be-determined tenant.

Abts reported the applicant does not indicate on-site parking in the site plans. Approximately seven unmarked off-street parking spaces are currently located on the neighboring 332 Central property, and approximately seven on-street parking spaces are located immediately adjacent to the property. For an Artisan Manufacturing use, the minimum number of off-street parking spaces is 0.75 per each employee on maximum shift or one per 1,500 square feet. This would result in eight spots with a maximum of ten employees (five spots would be required based on the square footage). Staff believes two compliant parking spots could be located in the rear of the building. This property is located in the Central Business District, and the City Council may approve off-street parking reductions in the CBD. Other facets of this proposal have been reviewed by City staff and found to be acceptable for this property and zoning district. Abts noted the Planning Commission reviewed this item at its October 16 meeting and recommended approval with conditions. She explained staff had spoken with the City Attorney and was

recommending approval with conditions 3 and 6b included, in order to make the CUP easier to enforce.

Schulz asked whether the Planning Commission minutes were included in the Council packet. He questioned why staff was trying to enforce the closing of facility doors during public events. City Attorney Tietjen explained this condition was drafted in order to assist the City with enforcing facility door concerns.

Schulz stated he did not have any issue with removing condition 3 and condition 6b from the recommendation for approval. He explained he could also support the removal of condition 2 as he believed this would be difficult for the City to enforce. Abts reported this condition was drafted to address concerns raised by adjacent neighbors that had concerns there could be 'hot rods racing up and down the streets'.

Stelmach asked if it was the applicant's intention to drive vehicles through the residential streets. Jesse Dickinson, Union Speed and Style, stated this would not be his intention. He explained he would primarily be test driving his vehicles down Main Street and out of town.

Stelmach supported the removal of condition 2 as well.

**A motion was made by Johnson, seconded by Schulz, to adopt Resolution No. 2017-67 approving the Conditional Use Permit request for the property at 340 Central Avenue subject to the following conditions, removing conditions 3 and 6b:**

- 1) Vehicle Storage. Any vehicle awaiting repairs for longer than 12 hours must be stored inside an enclosed space or properly screened from public view;
- 2) Test Drives. Vehicles undergoing repair or maintenance at the property may be driven through residential districts no more than five times in any seven-day period.
- 3) ~~(Facility doors. Exterior doors connecting to the Artisan Manufacturing work space shall remain shut during public events in neighboring Boerboom Park (e.g., Music in the Park), except for entering and exiting of vehicles or deliveries and during cleaning and shop maintenance to allow for ventilation. The City will provide at least 24 hours advance notice of such events. Doors shall not be open for periods exceeding 12 hours without prior written approval from the City.) (Planning Commission recommends removing this condition.)~~
- 4) Public storefront. The structure shall maintain a retail storefront or show room, open to the public during posted business hours.
- 5) Urban form. The structure shall retain existing setbacks along Central Avenue and 4th Street NE.
- 6) Applicable Provisions. This permit is subject to the requirements of the City's ordinances and the Applicant is required to comply with all applicable federal, state, and local laws, rules, regulations, and ordinances, and to obtain such other permits and permissions as may be required. Local and state regulations and ordinances shall include but are not limited to the following:
  - a) Artisan manufacturing activities, to include light metal fabrication, upholstery, and coachbuilding shall occur solely within an enclosed building (Osseo City Code § 153.009).
  - b) ~~(Any vehicle being driven off the property by Applicant after undergoing repair or maintenance shall at all times meet all requirements imposed by the State of Minnesota regarding vehicles traveling on public roadways;) (Planning Commission recommends removing this condition.)~~

- c) No auto wrecking, junk, and salvage shall be stored on properties in the Central Business District (Osseo City Code § 153.037). Materials established in conjunction with a permitted manufacturing process do not constitute “junk”, when within an enclosed area or building (Osseo City Code § 153.009).
- d) Any waste tires or other materials and equipment must be stored inside an enclosed space or properly screened from public view (Osseo City Code § 153.054) and protected from the elements so as not to provide habitat to rodents or insects (Osseo City Code § 93.18);
- e) The Artisan Manufacturing use shall have negligible impact on surrounding properties and shall abide by the Performance Standards (Osseo City Code § 153.050) and Public Nuisance requirements (Osseo City Code § 93.15 - § 93.19);
- f) Any trash enclosure must be screened from public view (Osseo City Code § 153.057);
- g) Modifications to the building shall be in accordance with Osseo City Code and the approved site and building plan on file with the City (Osseo City Code § 153.153);
- h) Signage relating to the use, including temporary signage, shall adhere to Osseo City Code § 153.090 - § 153.098;
- i) If the facility generates any hazardous waste as defined by Hennepin County or the State of Minnesota, the facility shall at all times meet all requirements imposed by Hennepin County or the State of Minnesota;
- 7) Open to Inspection. During any hours at which the business is open, the business shall be open to any State or County official and to any City official or police officer, when accompanied by Applicant, for inspection to determine compliance with the stated conditions of approval. Inspections shall follow safety protocols established by Applicant.
- 8) Recording Requirement. The City of Osseo will memorialize this conditional use permit by adopting a resolution that the applicant will record in the office of the County Registrar of Titles within 120 days of its adoption by the City.
- 9) No Waiver. Failure by the City to take action with respect to any violation of any condition, covenant or term of this permit shall not be deemed to be a waiver of such condition, covenant, or term or any subsequent violation of the same or any other condition, covenant, or term.
- 10) Revocation. The violation of any terms or conditions of this permit including, but not limited to, any applicable federal, state, or local laws, rules, regulations, and ordinances, may result in revocation of the permit. The Applicant shall be given written notice of any violation and reasonable time, as determined by the City, to cure the violation before a revocation of the permit may occur.
- 11) Binding Effect. This permit and its conditions are binding on the Owner and Applicant, their successors and assigns, and shall run with the Property, and shall not in any way be affected by the subsequent sale, lease, or other change from current ownership, until the permit is terminated or revoked as provided herein. The obligations of the Applicant under this permit shall also be the obligations of the current and any subsequent owners of the Property.
- 12) Acceptance of Conditions. Utilization of the Property for any of the uses allowed by this permit shall automatically be deemed acceptance of, and agreement to, the terms and conditions of the permit without qualification, reservation, or exception.

Schulz stated he would hate to see this motion fail because condition 2 was not also removed. Mr. Dickinson stated he was comfortable with leaving condition 2 in place.

Stelmach anticipated it would be extremely difficult for the City to enforce condition 2 and for this reason he believed it should be removed.

Johnson understood that several residents had brought their concerns to staff and because of this condition 2 was drafted. He stated he would like to see the condition remain in place, in case a situation was to arise in the future.

Stelmach explained that a test drive would not be conducive on a residential street where traffic would have to stop and go between stop signs. He encouraged the Council to not pass legislation that would not be enforced.

Schulz commented he would support the removal of condition 2, along with Stelmach. He asked if there was one more Councilmember that was in agreement to have this condition removed.

Poppe stated he would like condition 2 to remain in place given the fact the CUP would remain with the property and not simply the business owners.

Stelmach said he, too, would support condition 2 remaining in place for the reason stated.

**The motion carried 5-0.**

**C. APPROVE COMPUTER PURCHASE FOR FINANCE OFFICER**

Abts commented the Finance Officer has been dealing with many issues relating to her current desktop computer, including random computer crashes and re-boots. The City's IT Consultant, Element Technologies, reports that the issue is the hard disk drive controller on the motherboard randomly loses communication with the hard disk drive, causing the computer to crash. Since the hard disk controller is built on the motherboard, and the warranty expired on February 12, 2017, the recommendation is to replace the desktop computer.

Abts stated according to the City's IT replacement schedule, the Finance Officer's desktop computer isn't scheduled to be replaced until 2020; however, due to the overwhelming issues with her current desktop computer, Element recommends replacing the computer. Staff reviewed a quote from Element Technologies. The quote includes a converter cable so it can support dual monitors. Element staff considered adding Microsoft Office software, but opted to offer Office365. This will save a larger upfront cost, but instead, add an additional \$8.50 per month on the City's Office365 bill. This will allow the Finance Officer to have the latest version of Office at all times and is typically a better deal for most of its clients. It was noted the quote also includes costs associated with setting up the computer and installing all the necessary equipment and software.

Schulz asked if the Council should be paying \$8.50 per month to have the most up to date Office 365 at all times. Finance Officer Teri Portinen stated she did not have the knowledge to answer this question.

Johnson questioned if the City should be purchasing a Dell when the Police Department just purchased a Lenovo through the State purchasing contract at a lower price.

Schulz anticipated the few hundred dollars that could be saved would not be worth it given the fact the existing computer has failed and there would be a loss of productivity if the Council did not take action. He recommended that all future quotes from Element be accompanied by State bid pricing.

**A motion was made by Johnson, seconded by Stelmach, to approve the Element quote for \$1,654.92 for a new desktop computer for the Finance Officer.**

Schulz noted the quote from Element expired three days ago. It was his hope that this quote would still be honored. Finance Officer Portinen reported City Administrator Grams had contacted Element and made them aware of the City Council's timeline and noted Element would honor the quote.

**The motion carried 5-0.**

**D. APPROVE AGREEMENT WITH BERGANKDV FOR AUDITING SERVICES FOR YEARS 2017-2021**

Gary Groen, Finance Consultant, stated the City Council directed staff to post Request for Proposals for City Auditing Services earlier this year. The Council used the Budget and Finance Committee, including several key Finance staff members, to review the proposals and make a formal recommendation to the City Council.

Groen explained the RFP process yielded five proposals. One of the firms that responded is not licensed to do this work in the State of Minnesota, and was eliminated from contention. The Committee carefully reviewed the four remaining proposals and met on September 25 to discuss and formulate a recommendation.

Groen commented after reviewing the proposals and relying on the experience and recommendations from Committee members (which includes a former CPA and a staff member who used to perform such audits), the recommendation was to enter into an agreement with the City's current auditing firm, BerganKDV.

Groen stated BerganKDV has been the City's auditing firm for the past six years. It has extensive knowledge in the area of municipal finances, it knows City staff and works well with them, and is able to provide all the necessary auditing expertise Osseo needs. While BerganKDV wasn't the overall lowest responder in terms of cost, the committee felt it was the logical and best choice for the City. If the City opted to choose a new and different firm, the amount of staff time needed to bring the new firm up to speed would be significant. Staff believes it would cost the City \$2,000 or so in additional staff time (hourly costs for both our Financial Consultant and Ehlers & Associates). This does not include the additional time of the Finance Officer, who is a salaried staff member. Additionally, with the complexity of TIF agreements and financing of capital improvements, there were concerns with the other firms potentially not being able to produce necessary statements by the early May deadline, resulting in additional publication costs to the City (when compared to publishing the info in our Osseo Outlook newsletter).

Groen reported staff was able to negotiate a lower yearly cost as well as a longer agreement (five years instead of three years). This shows the strong commitment and positive working relationship BerganKDV has with the City of Osseo. Staff noted the Audit Year Ending Pricing is as follows:

2017	\$23,200
2018	\$23,575
2019	\$24,125
2020	\$24,725
2021	\$25,300

Schulz understood the City's TIF Districts were challenging to manage and requested staff provide further information on this topic. Groen explained the City has spent a great deal of time with each audit to ensure all financial reporting lines up with all of the TIF agreements. He indicated this was a complex and time-consuming process. He anticipated a great deal of time would have to be invested if a new firm was involved in the TIF reporting.

Schulz asked why the TIF contracts were being put together in such a complex manner and expressed concern with the fact that these were requiring additional staff and consultant time. Groen commented on the complexity of these agreements and believed it would benefit the City to continue working with the staff at BerganKDV versus pursuing another audit firm given the amount of time that would be required to bring them up to speed.

Johnson agreed and stated the other firms had a lack of CPAs with municipal audit experience. He reported BerganKDV had a great deal of municipal auditing experience and was a better fit for the City. He believed that the proposed five-year contract with BerganKDV was the best option for the Council.

Matt Meyer, BerganKDV, thanked the Finance Committee for its recommendation. He stated he appreciated the opportunity to continue working with the City and indicated he had a passion for this community. He described the work that has been done on behalf of the City over the past six years to improve the City's financial situation. He understood that BerganKDV did not come in as the low bidder but he believed his company's services were well worth the expense.

**A motion was made by Schulz, seconded by Stelmach, to approve the agreement with BerganKDV for City Auditing services for audit years 2017-2021. The motion carried 5-0.**

E. APPROVE ACCOUNTS PAYABLE

Abts reviewed the Accounts Payable with the Council.

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

11. ADMINISTRATOR REPORT

Abts explained staff had received an updated draft of the Comprehensive Plan from WSB & Associates. She reported a Public Hearing was being proposed for the Planning Commission meeting on November 20.

12. COUNCIL AND ATTORNEY REPORTS

Stelmach welcomed the Dickinsons to the City.



Johnson explained the light hanging event got rained out and would be rescheduled.

Poppe stated the Lions Club Halloween event would be held at the Community Center on Saturday, October 28, at 11 a.m.

Poppe reported City Hall would be closed on Friday, November 10, in observance of Veterans Day.

13. ADJOURNMENT

**A motion was made by Schulz, seconded by Johnson, to adjourn the City Council meeting at 8:11 p.m. The motion carried 5-0.**

Respectfully submitted,

Heidi Guenther  
*TimeSaver Off Site Secretarial, Inc.*