



Osseo City Council

AGENDA

WORK SESSION
Monday, May 24, 2021
6:00 p.m., Virtual Meeting

MAYOR DUANE POPPE COUNCILMEMBERS: JULIANA HULTSTROM, HAROLD E. JOHNSON, LARRY STELMACH, ALICIA VICKERMAN

1. **Call to Order**
2. **Roll Call** (quorum is 3)
3. **Approval of Agenda** (requires unanimous additions)
4. **Discussion Items**
 - A. **Discuss Rental Inspection Program Options**
5. **Adjournment**



City of Osseo City Council Work Session Meeting Item

Agenda Item: Discuss Rental Inspection Program Options

Meeting Date: May 24, 2021

Prepared by: Riley Grams, City Administrator

Attachments: Current Rental Inspections Agreement

Background:

The City of Osseo has a rental inspections program in place to ensure that rental properties do not become blight on neighborhoods. Poorly maintained or poorly managed rental property can be a disincentive for homeowners to reinvest in their properties. Owning and operating rental housing is a business, and the City requires owners of rental property to secure a license to operate that business. As a part of the license requirement an inspection is done to ensure the property is safe, secure, and sanitary not only for the tenant but for the community as a whole. All residential properties in Osseo are required to be licensed annually and inspected on a regular schedule.

The City of Osseo currently contracts with Roger Lenz (RWL Inspection Service) which was approved back at the end of 2017. Mr. Lenz has done a nice job maintaining the rental inspections for the City of Osseo, but unfortunately, he recently alerted Staff that due to some health issues, he would be unable to continue providing rental inspections services to the City of Osseo in the very near future. While Mr. Lenz has yet to provide the City with the required written notice of termination, he wanted to give the City plenty of time to prepare for other options.

Staff has researched all available options to the City to continue the rental inspection services. I have reached out to our current building inspection consultant, Metro West, who does offer some communities rental inspections. However, they declined to offer this service to Osseo. I have also reached out to all neighboring communities around Osseo (including Maple Grove, Brooklyn Park, Dayton, Rogers, and Corcoran). Those communities either do not conduct rental inspections services or are unable or unwilling to take on Osseo as an additional client outside of their own cities.

I did connect with Champlin City Administrator Bret Heitkamp to discuss the option of partnering with Champlin rental inspectors to provide those services to Osseo. Mr. Heitkamp mentioned that they have in-house rental and property inspectors and that he would be willing to discuss and negotiate an agreement to provide rental inspection services to the City of Osseo. It is likely that we could enter into a very similar agreement with the City of Champlin to provide those services. If this is an attractive option to the City Council, we could begin those negotiations.

Another option available to the City of Osseo would be to use our current part-time Fire Inspector Hugh Heidt. Hugh has worked for the City of Osseo in a part-time Fire Inspector role for many years, and after connecting with Fire Chief Mike Phenow to discuss this option, we both believe this could be a good fit. Hugh has interest and has already begun to investigate what steps he would need to take to become a certified rental inspector, but because fire codes overlap with rental and other building codes, there likely would not be a lot of additional work on Hugh's end to become certified.

Another option would be to expand on the combined Fire and Rental Inspector part-time position and add general property inspections as well. We likely would need to create a new part-time Community and Property Inspector position that would handle fire inspections, rental inspections, and general property inspections. Currently the property inspections piece is handled by an in-house Police Officer. This typically involves a spring and fall check of properties for nuisance related items. Inspections are completed, and letters are sent to the properties outlining the violations, giving them a pre-determined amount of time to remedy the violation before a re-check of the property is conducted. Additionally, on-going nuisance property violations are handled by this Officer in the same manner. Creating this new part-time position to handle these complaints could be done with a lower hourly rate part-time employee, rather than a full-time Police Officer. It might make the most sense to combine all these duties into one part-time position.

The options available, currently, are as follows:

- 1) Negotiate with the City of Champlin to enter into an agreement for rental inspection services. The Risk Management Committee would be involved in the process, with the final agreement coming back to the Council for formal approval.
- 2) Partner with current Fire Inspector Hugh Heidt to also provide rental inspections services. A simple agreement would be developed that outlines the duties and pay. That would come back to the Council for approval.
- 3) Create a new Community and Property Inspector part-time position that would handle all inspections for the City (fire inspections, rental inspections, and general property inspections). The Council would need to formally create the position (by approving a position description), posting for the position, and then soliciting applications and eventually hiring for the position. The Human Resources Committee would be involved in the creation of the position description and reviewing submitted applications. The final hire approval would come back to the City Council.

Recommendation/Action Requested:

Staff recommends the City Council discuss the item and direct Staff accordingly.

Rental Inspection Services Agreement

This Agreement is made as of November 27, 2017, by and between the City of Osseo, a Minnesota municipal corporation ("Osseo"), and RWL Inspection Service.

Recitals

- A. Osseo is authorized and empowered to provide for rental inspection services to ensure the public health, welfare and safety;
- B. Osseo has concluded that the public's interest will be best served if it contracts with another entity to provide rental inspection services;
- C. RWL Inspection Service has discussed a proposal from Osseo in order to perform Osseo's rental inspection services;
- F. The parties desire to enter into an Agreement setting forth the terms by which RWL Inspection Service will perform the rental inspection services on behalf of Osseo; and

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth below, the parties hereto agree as follows:

1. SCOPE OF SERVICES

- 1.1 This Agreement shall become effective on January 1, 2018, or upon approval and signature of both parties, whichever date is later.
- 1.2 RWL Inspection Service agrees to provide rental inspection services for Osseo as set forth in Attachment 1 to this Agreement and as further described in this Agreement ("Services"). All RWL Inspection Service employees providing Services to Osseo shall be certified as Property Maintenance Inspectors.
- 1.3 Services shall be conducted in compliance with local, state and federal laws, rules and regulations.
- 1.4 Under this Agreement, Osseo shall receive and process any applicable license and/or permit applications and fees prior to submittal to RWL Inspection Service. All special conditions and requirements imposed by Osseo must be specified in writing and attached to the application prior to its submittal to RWL Inspection Service. Osseo shall be solely responsible for collecting any applicable fees and/or charges required by existing laws, codes and ordinances.
- 1.5 RWL Inspection Service, its officers, employees, and agents shall not be responsible nor have any liability related to the processing of rental license applications.
- 1.6 The RWL Inspection Service employees performing the Services shall not be required to attend regular Osseo City Council meetings, but shall reasonably attempt to attend Osseo City Council meetings upon the request of Osseo.
- 1.7 Upon the request of Osseo, RWL Inspection Service shall inspect all licensed

rental properties according to the schedule set forth in Attachment 1. RWL Inspection Service shall not inspect a rental unit or dwelling without first receiving a request (in the form of a rental license application) from Osseo.

- 1.8 RWL Inspection Service shall also have the right and responsibility to inspect and issue correction orders for violations of applicable property maintenance codes for any existing rental unit or dwelling determined by it not to be in compliance with the terms and provisions of the applicable property maintenance codes.
- 1.9 RWL Inspection Service shall track of the number of inspections for each license and provide that information to the City of Osseo in a timely manner.
- 1.10 The Osseo Building Official shall have the exclusive initial authority to determine interpretations and applications of the applicable property maintenance codes for all rental dwellings inspected pursuant to this Agreement. RWL Inspection Service shall confer with the Osseo City Administrator, or its designee, before issuing any such interpretations and applications of the applicable property maintenance codes that might have an extraordinarily significant effect on existing rental properties. An extraordinarily significant effect shall be reasonably determined by the Osseo Building Official.
- 1.11 Upon completion of the requested inspection, RWL Inspection Service shall forward the original inspection records to the Osseo Administrative Assistant. All such records shall be kept on file by Osseo pursuant to state law. All such original records shall remain the exclusive property of Osseo. RWL Inspection Service may retain a copy of any inspection record as required for re-inspection purposes.
- 1.12 Enforcement and prosecution of any applicable property maintenance code requirements by way of judicial action for either criminal or civil sanction shall remain the exclusive responsibility of Osseo. RWL Inspection Service shall reasonably cooperate with Osseo in any enforcement procedures.
- 1.13. The RWL Inspection Service will advise Osseo residents and contractors with property maintenance code questions and issues.

2. FEES

- 2.1 Osseo shall pay RWL Inspection Service according to the rates set forth in Attachment 2 to this Agreement. Payment along with a Summary of the Fees Collected shall be submitted quarterly by Osseo to RWL Inspection Service subject to Council Approval at the first Council Meeting of January, April, July, and October. Payments shall be due to RWL Inspection Service immediately after Council approval.
- 2.2 The rates set forth in Attachment 2 shall be subject to biannual amendments if agreed upon by both Osseo and RWL Inspection Service after review of the fees collected by January 1st and July 1st of each year.

3. GENERAL TERMS AND CONDITIONS

- 3.1 Osseo shall not assume any liability for the direct payment of any salary, wage,

workers compensations, income tax withholding, or any other type of compensation to any RWL Inspection Service employee for performing any inspection or any other service performed by RWL Inspection Service pursuant to this Agreement.

- 3.2 Osseo, its officers, agents, and employees shall cooperate with and assist RWL Inspection Service in the orderly performance of Services to be provided for herein.
- 3.3 All inspections shall be made on forms utilized and maintained at Osseo city offices.
- 3.4 The books, records, documents, and accounting procedures of RWL Inspection Service relevant to this Agreement are subject to examination by Osseo and either the legislative or State Auditor as appropriate, pursuant to Minnesota Statutes.
- 3.5 This Agreement represents the entire Agreement between Osseo and RWL Inspection Service and supersedes and cancels any and all prior agreements or proposals, written or oral, between the parties relating to the subject matter hereof. Any amendments, addenda, alterations, or modifications to the terms and conditions of this Agreement shall be in writing and signed by both parties.
- 3.6 Both parties agree to comply with all applicable state, federal and local laws, rules and regulations.
- 3.7 This Agreement may be terminated by either party at any time, for any reason, following 60 days written notice to the other party.
- 3.8 RWL Inspection Service agrees to defend, indemnify and hold harmless Osseo, and its officials, agents and employees from and against all claims, actions, damages, losses and expenses arising out of or resulting from RWL Inspection Service's performance of the duties required under this Agreement.
- 3.9 Osseo agrees to defend, indemnify and hold harmless RWL Inspection Service, and its officials, agents and employees from and against all claims, actions, damages, losses and expenses arising out of or resulting from Osseo's performance of the duties required under this Agreement.
- 3.10 Nothing herein shall be deemed a waiver by either party of the limitations on liability set forth in Minnesota Statutes Chapter 466.
- 3.11 It is agreed that nothing herein contained is intended or should be construed in any manner as creating or establishing the relationship of co-partners between the parties hereto or as constituting the persons employed by RWL Inspection Service as the agent, representative or employee of Osseo for any purpose or in any manner whatsoever. RWL Inspection Service is to be and shall remain an independent contractor with respect to all services performed under this contract. RWL Inspection Service represents that it has, or will secure at its own expense, all personnel required in performing Services under this contract. Any and all personnel of RWL Inspection Service or other persons, while engaged in the performance of any work or services required by Osseo under this contract, shall have no contractual relationship with Osseo and shall not be considered

employees of Osseo, and any and all claims that may or might arise under the Worker's Compensation Act of the State of Minnesota on behalf of said personnel or other persons while so engaged, and any and all claims whatsoever on behalf of any such person or personnel arising out of employment or alleged employment including, without limitation, claims of discrimination against RWL Inspection Service, its officers, agents contracts or employees shall in no way be the responsibility of Osseo; and RWL Inspection Service shall defend, indemnify and hold Osseo, its officials, agents and employees harmless from any and all such claims regardless of any determination of any pertinent tribunal, agency, board, commission or court. Such personnel or other persons shall not require nor be entitled to any compensation, rights or benefits of any kind whatsoever from Osseo, including, without limitation, tenure rights, medical and hospital care, sick and vacation leave, Worker's Compensation, Unemployment Compensation, disability, severance pay and PERA.

- 3.12 All notices required by this Agreement shall be in written form and shall be deemed delivered upon its receipt by the City Administrator. Notice may be made by personal delivery, mail or facsimile.
- 3.13 In case any one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and any other application thereof shall not in any way be affected or impaired thereby.
- 3.14 This Agreement may be simultaneously executed in any number of counterparts, all of which shall constitute one and the same instrument.
- 3.15 RWL Inspection Service acknowledges and agrees that the requirements of MN Statutes Section 13.05, subdivision 6 and 11, apply to this Agreement. If RWL receives a data request, it will promptly notify the City Administrator.
- 3.16 RWL Inspection Service shall, during the term of this Agreement, maintain insurance coverage in amounts acceptable to the City. Before commencing services under this Agreement, RWL must provide an acceptable certificate of insurance to the City Administrator.

IN WITNESS WHEREOF, the parties have set forth their hands on the day and year first written above.

CITY OF OSSEO

By: _____ Its: Mayor

By: _____ Its: City Clerk

RWL INSPECTION SERVICE

By: _____ Its: Owner/President

ATTACHMENT 1

RWL Inspection Service shall provide rental housing inspections and re-inspections as required for compliance with the applicable property maintenance codes. For apartment buildings, one third of the units will be inspected per year. For single family/duplex/triplex units, inspections will occur once per year.

ATTACHMENT 2

Service Rates

Osseo shall pay RWL Inspection Service for providing rental inspection services. Osseo shall pay RWL Inspection Service a percentage of each fee collected according to the fee schedule listed below. The established percentage has been calculated in order to cover Osseo's administration costs and RWL Inspection Service's inspection costs. The percentage of fees collected shall be reviewed by both parties two times per year in order to ensure that each party is receiving a fair amount for the services provided.

Osseo shall retain 40% of the following fee schedule.

RWL Inspection Service shall retain 60% of the following fee schedule.

Fee Schedule	1-2 Inspections	3 Inspections	4 Inspections	5 Inspections	6-8 Inspections
Single Family/Townhome/Duplex	\$150	\$200	\$300	\$500	\$1,000
Small Apartment (2-9 units)*	\$225	n/a	n/a	n/a	n/a
Large Apartment (10+ units)*	\$25 (per unit)	n/a	n/a	n/a	n/a
Point of Conversion	\$500	n/a	n/a	n/a	n/a

*Apartments will be charged \$100 per re-inspection.

Rates to Attend Hearings

Osseo shall pay RWL Inspection Service \$70 per hour to attend hearings.