

**OSSEO CITY COUNCIL
WORK SESSION MINUTES
July 25, 2022**

1. CALL TO ORDER

Mayor Duane Poppe called the work session of the Osseo City Council to order at 6:00 p.m. on Monday, July 25, 2022.

2. ROLL CALL

Members present: Councilmembers Juliana Hultstrom, Harold E. Johnson, Larry Stelmach, Alicia Vickerman, and Mayor Duane Poppe.

Members absent: None.

Staff present: City Administrator Riley Grams.

Others present: Steve Boynton, Blue Ox Media.

3. AGENDA

Council agreed to discuss the work session items.

4. DISCUSSION ITEMS

A. DISCUSS DIGITAL BILLBOARD PROJECTS

Grams stated back in 2016, the City looked at partnering with OutFront Media to construct a digital billboard on the Public Works Department property that overlooked traffic on Highway 169. The billboard was a one-sided design that included a state-of-the-art LED screen. This was the result of several local resident comments regarding the project, which was originally slated for a two-sided V shape design. The sign's post was to be erected in an area approximately near the southeast corner of the existing Public Works building. The sign was to be 486 feet away from the nearest home to the south, and 298 feet from the nearest home to the north and would have been built entirely on City-owned property and that have been leased to OutFront Media.

Grams explained the original lease called for a term of 15 years with a mutual option entering into an additional 15 years with lease payments negotiated prior to each new term. The City would have received \$55,000 annually in years 1-5, \$57,500 annually in years 6-10, and \$60,000 annually in years 10-15, with a total of \$862,500 received over the initial 15-year term. The City would have also received a minimum of 5 hours per month (2250 eight-second spots) of signage to promote any messaging that the City would like. Also, any business located within the City of Osseo would have received advertisement on the billboard at one-third the going rate for advertisement (including design services at no additional cost). Additionally, all improved real estate taxes associated with the construction of the billboard structure would have been paid for by

OutFront Media each year, and not the City of Osseo (estimated between \$6,000-8,000 annually).

Grams reported at that time, one of the major concerns by area residents was that the new sign would adversely affect their property values. At that time, Staff reached out to Hennepin County Assessor's Office to inquire if a new digital billboard sign would negatively affect the surrounding areas property values. The County responded that the fact that a large industrial use building (the Public Works building) is already there, the location of high-tension power lines, and the proximity to Hwy 169 and the adjacent sound wall, any addition of a digital billboard sign would not negatively affect property values. Staff also confirmed with the Maple Grove City Assessor and a local real estate agent that the addition of a digital billboard in that area would not affect the area property values. Using 2015 data, it was calculated that an influx of this revenue stream would lower the average Osseo home's property taxes by approximately \$50 annually.

Grams stated in order to submit a required permit to the Minnesota Department of Transportation (MnDOT), the City re-zoned the Public Works property to a newly established Public Institutional District (PI) which included "commercial signage limited to billboards or any other governmental signage" at the request of OutFront Media. Unfortunately, when MnDOT reviewed the submitted permit from OutFront Media, they rejected it noting that the property was not properly zoned for this purpose. OutFront Media had incorrectly advised the City to re-zone the property to something other than commercial or industrial use. This was the sole reason the permit was denied by MnDOT.

Grams commented more recently, a couple City Councilmembers asked Staff to re-look at this option to see if there was another way to get approval. Grams was connected with Blue Ox Media, knowing they have many digital billboard projects with cities all over the Metro Area, and met with Steve Boynton back in the fall of 2021. At that time, Mr. Boynton was able to pinpoint the issue for the rejected MnDOT permit, noting that the City needed to zone the Public Works property to either industrial or commercial. This was the only allowable zone, per State Statute, in which billboards could be erected. Therefore, Mr. Boynton believes that the City could simply re-zone the Public Works property to an industrial use (which certainly fits in with the actual use of that property currently) and could re-negotiate a new lease and apply for the same required permit from MnDOT. It was noted Staff invited Mr. Boynton to make a presentation to the Council at the meeting to introduce himself and showcase what Blue Ox Media can do for the City regarding this potential project. If the Council is agreeable, Staff could be directed to move this project forward.

Steve Boynton, Blue Ox Media, introduced himself to the Council and thanked them for their time. He reviewed his company's vision and mission, noting his company has a unique partnership with municipalities. He explained he was in discussions with nine different communities at this time and stated he was hoping to bring a digital billboard to Osseo. He commented on how digital billboard technology has changed over the past five years. He described how signs can be angled and directed in a better manner. He discussed the type of promotions that could be placed on the sign and noted Blue Ox Media would take care of constructing the sign.

Vickerman requested further information regarding the sign post. Mr. Boynton stated the post could have a stone façade or could be made out of other building materials. Grams recommended the sign post have a stone veneer finish.

Vickerman commented she was concerned about the sign aesthetics. She questioned what the difference would be between the gateway sign and the proposed billboard. Mr. Boynton stated the billboard would have a greater revenue stream and these funds could be set aside for specific improvements. Grams commented the Council could also opt to have the revenues flow straight into the general fund which would assist with keeping taxes down.

Further discussion ensued regarding the projected revenues for the digital billboard for both a one sided and two sided billboard.

Vickerman inquired what the content would be on the billboard. Mr. Boynton stated every eight seconds a new ad would pop onto the billboard. He noted there would be roughly eight images per minute and this would be looped for a 24 hour cycle. He explained the ads are sold per month and discounts would be offered to Osseo businesses.

Hultstrom stated she had concerns with the power line and how it would distort the view of the billboard for traffic heading southbound. She questioned the safety of this for passing traffic. She noted she lived adjacent to the public works facility and when this was presented to her in 2016 she was not opposed to it. She commented since 2016 she has heard from numerous neighbors who oppose the digital billboard. She anticipated that this would be a controversial sell to the neighbors. She encouraged the City to be very clear about what the revenue streams and tax numbers would be. She recommended the City offset the residents views in that area before this project moves forward. She did not want to see her neighborhood up in arms again like it was in 2016. She explained she had been told that her property value was less because of the power line and her proximity to the freeway, however, her property taxes have doubled in the past six years. This led her to believe this claim was not correct. She recommended the City be very clear when communicating with the public on this matter.

Mr. Boynton stated he could bring in a sign to demonstrate how the sign would not be visible to the neighbors through the new sightline technology. He commented further on the viewshed for the sign.

Grams explained the concern from the neighbors in 2016 was that their property values would decrease if the billboard were installed. He reported he reached out to Hennepin County and asked how the neighboring properties would be impacted. He was told by the Hennepin County Assessor's office that these properties already had decreased property values because of the public works building, the power lines and the proximity to Highway 169.

Hultstrom recommended a neighborhood meeting be held once updated facts and figures were on hand. Grams reported a public hearing would have to be held in order to rezoning the property. Staff commented further on the proposed timeline and approval process for this project.

Hultstrom commented she was not opposed to the billboard but wanted to see 2022 data prior to this matter moving forward. She noted she did not want her neighbors coming against her on this item.

Stelmach stated in 2016 it was estimated residents would see a \$50 savings on their property taxes for a one sided sign. He anticipated residents in 2022 would see an even greater savings given the fact the City was proposing a two sided sign. He explained he understood the concerns of the neighbors and wanted to be sensitive to them. However, he noted the City had 2,738 other residents that would also be positively impacted by this project by the revenue stream created by the digital billboard. He indicated he wanted to know more about how light pollution would impact the surrounding properties.

Hultstrom stated it would be hard to have an opinion about this project without having the 2022 numbers to truly understand the benefit of the billboard. She indicated she would also like to better understand the comments from the County Assessor's office. In addition, she wanted the City to have effective communication for the impacted residents.

Stelmach asked if there were any local signs the Council could visit to see the new digital technology. Mr. Boynton reported he would speak to his manufacturer to see where signs had been installed in the metro area. He noted he could bring a sign to a future meeting as well for the Council and the neighbors to view.

Vickerman questioned why the property was not rezoned in 2016. Grams explained this was a good question. He recalled that MNDOT simply denied the City's request. Mr. Boynton further discussed the permitting process that had to be followed for digital billboards.

The Council discussed the differences between the City's gateway sign and the proposed digital billboard.

Vickerman supported staff running the numbers and reporting back to the Council with additional information on the digital billboard.

Johnson agreed.

Mr. Boynton asked what additional information Staff would like from him. Grams stated he would like to know rough numbers for the lease.

Stelmach indicated he would also like to know more about the maintenance policy as well as having numbers from the County Assessor's office. He asked if Blue Ox Media would be responsible for paying property taxes. Mr. Boynton stated this would be case.

Hultstrom questioned who would be liable for sign should storm damage occur to the billboard. Mr. Boynton stated Blue Ox Media would be responsible and would have insurance in place on the sign.

5. ADJOURNMENT

The Work Session adjourned at 6:51 p.m.

Respectfully submitted,

Heidi Guenther
Minute Maker Secretarial